Kalyan Jewellers FZE and its subsidiaries
Dubai - United Arab Emirates

Report and consolidated financial statements
for the year ended 31 March 2021

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for the year ended 31 March 2021

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Kalyan Jewellers FZE
Dubai
United Arab Emirates

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Kalyan Jewellers FZE** (the "Establishment") **and its subsidiaries, Dubai, United Arab Emirates** (the "Group") which comprise the consolidated statement of financial position as at 31 March 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the articles of association of the Establishment, the provisions of the Dubai Airport Free Zone Implementing Regulations No.1/98 issued pursuant to Law No. 2 of 1996 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Kalyan Jewellers FZE (continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 the purpose of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the Establishment has maintained proper books of accounts. We obtained all the information and explanations which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the provisions of the Implementing Regulations No. 1/98 issued by the Dubai Airport Free Zone pursuant to Law No.2 of 1996 as amended by Law No. 2 of 2000, or the Establishment's Articles of Association which might have materially affected the financial position of the Establishment or the results of its financial performance.

Deloitte & Touche (M.E.)

Akbar Ahmad
Registration No. 1141
18 July 2021
Dubai
United Arab Emirates

Kalyan Jewellers FZE and its subsidiaries

Consolidated statement of financial position as at 31 March 2021

	Notes	**31 March 2021 AED**	31 March 2020 AED (Restated)	1 April 2019 AED (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	**66,285,102**	80,665,503	73,694,330
Deferred tax asset	28(c)	**1,816,760**	228,526	-
Right-of-use-assets	10	**164,313,955**	209,053,403	184,547,595
Total non-current assets		**232,415,817**	289,947,432	258,241,925
Current assets				
Inventories	6	**453,713,880**	528,129,726	497,598,765
Trade and other receivables	8	**99,582,216**	150,239,700	149,829,727
Derivative financial instruments	27	**2,574,429**	833,225	-
Due from related parties	9 (b)	**2,923,485**	5,328,142	147,452
Margin deposits	12	**70,463,834**	122,045,978	158,022,377
Cash and cash equivalents	7	**26,756,827**	15,996,796	28,205,107
Total current assets		**656,014,671**	822,573,567	833,803,428
Total assets		**888,430,488**	1,112,520,999	1,092,045,353
EQUITY AND LIABILITIES				
Equity				
Share capital	13	**385,000,000**	150,000,000	150,000,000
Statutory reserve	14	**283,829**	283,829	150,000
Hedge reserve	27	**(19,864,443)**	-	-
Foreign currency translation reserve		**194,520**	(1,254,373)	(314,305)
Accumulated losses		**(92,679,294)**	(15,915,723)	(5,018,945)
Loan from a shareholder	15 & 9(c)	**-**	241,221,351	211,197,218
Total equity		**272,934,612**	374,335,084	356,013,968
Non-current liabilities				
Provision for employees' end-of-service indemnity	16	**3,080,797**	3,163,275	2,391,158
Bank borrowings - non-current portion	18	**2,003,664**	3,135,957	1,562,691
Loan from shareholder	15 & 9(c)	**29,218,078**	-	-
Lease liabilities	11	**3,930,111**	9,269,517	9,770,432
Total non-current liabilities		**38,232,650**	15,568,749	13,724,281
Current liabilities				
Trade and other payables	17	**110,792,794**	173,319,376	114,723,494
Derivative financial instruments	27	**32,594,426**	5,184,621	-
Due to related parties	9 (a)	**9,573,674**	1,770,000	2,378,684
Bank borrowings	18	**414,983,380**	529,258,891	594,309,035
Lease liabilities	11	**9,318,952**	13,084,278	10,895,891
Total current liabilities		**577,263,226**	722,617,166	722,307,104
Total liabilities		**615,495,876**	738,185,915	736,031,385
Total equity and liabilities		**888,430,488**	1,112,520,999	1,092,045,353

N. R. Venkatraman

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Director

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

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KALYAN JEWELLERS FZE

Kalyan Jewellers FZE and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021

	Notes	2021 AED	2020 AED (Restated)
Revenue	19	**595,770,930**	1,144,742,816
Cost of sales	20	**(497,758,198)**	(992,369,632)
Gross profit		**98,012,732**	152,373,184
Other income	21	**5,427,036**	1,930,805
Other expenses	22	**(8,081,642)**	(321,755)
Sales and marketing expenses	24	**(16,647,136)**	(24,100,248)
General and administrative expenses	23	**(93,550,355)**	(84,265,924)
Operating (loss)/profit for the year		**(14,839,365)**	45,616,062
Finance income	25	**660,349**	1,992,690
Finance costs	26	**(37,017,085)**	(54,249,047)
Impairment on right-of-use assets	10	**(17,000,000)**	-
Loss on derivative financial instruments	27	**(10,155,555)**	(4,351,396)
Loss before tax for the year		**(78,351,656)**	(10,991,691)
Taxation	28	**1,588,085**	228,742
Loss after tax for the year		**(76,763,571)**	(10,762,949)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Changes in fair value derivative financial instruments designated as cash flow hedge		**(19,864,443)**	-
Exchange differences on translation of overseas operations		**1,448,893**	(940,068)
Total comprehensive loss for the year		**(95,179,121)**	(11,703,017)

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

Kalyan Jewellers FZE and its subsidiaries

Consolidated statement of changes in equity for the year ended 31 March 2021

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Loan from a shareholder AED	Total shareholder's equity AED	Foreign currency translation reserve AED	Hedge reserve AED	Total reserve through other comprehensive income AED	Total Equity AED
Balance at 1 April 2020 (Restated)	150,000,000	283,829	(15,915,723)	241,221,351	375,589,457	(1,254,373)	-	(1,254,373)	374,335,084
Loss for the year	-	-	(76,763,571)	-	(76,763,571)	-	-	-	(76,763,571)
Other comprehensive income for the year	-	-	-	-	-	1,448,893	(19,864,443)	(18,415,550)	(18,415,550)
Total comprehensive loss for the year	-	-	(76,763,571)	-	(76,763,571)	1,448,893	(19,864,443)	(18,415,550)	(95,179,121)
Transfer to share capital	235,000,000	-	-	(235,000,000)	-	-	-	-	-
Additional loan from a shareholder	-	-	-	22,996,727	22,996,727	-	-	-	22,996,727
Transfer to non-current liabilities	-	-	-	(29,218,078)	(29,218,078)	-	-	-	(29,218,078)
Balance at 31 March 2021	**385,000,000**	**283,829**	**(92,679,294)**	**-**	**292,604,535**	**194,520**	**(19,864,443)**	**(19,669,923)**	**272,934,612**

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

Kalyan Jewellers FZE and its subsidiaries

Consolidated statement of changes in equity for the year ended 31 March 2021 (continued)

	Share capital AED	Statutory reserve AED	Accumulated losses AED	Loan from a shareholder AED	Total shareholder's equity AED	Foreign currency translation reserve AED	Hedge reserve AED	Total reserve through other comprehensive income AED	Total Equity AED
Balance at 1 April 2019	150,000,000	150,000	7,918,502	198,259,771	356,328,273	(314,305)	-	(314,305)	356,013,968
Effect of prior period error for non-recognition of finance cost as per IAS-8	-	-	(12,937,447)	12,937,447	-	-	-	-	-
Balance at 1 April 2019 (Restated)	150,000,000	150,000	(5,018,945)	211,197,218	356,328,273	(314,305)	-	(314,305)	356,013,968
Loss for the year (restated)	-	-	(10,762,949)	-	(10,762,949)	-	-	-	(10,762,949)
Other comprehensive income for the year	-	-	-	-	-	(940,068)	-	(940,068)	(940,068)
Total comprehensive loss for the year	-	-	(10,762,949)	-	(10,762,949)	(940,068)	-	(940,068)	(11,703,017)
Transfer to statutory reserve	-	133,829	(133,829)	-	-	-	-	-	-
Additional loan from a shareholder (Restated)	-	-	-	30,024,133	30,024,133	-	-	-	30,024,133
Balance at 31 March 2020 (Restated)	150,000,000	283,829	(15,915,723)	241,221,351	375,589,457	(1,254,373)	-	(1,254,373)	374,335,084

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

Kalyan Jewellers FZE and its subsidiaries

Consolidated statement of cash flows
for the year ended 31 March 2021

	2021 AED	2020 AED (Restated)
Cash flows from operating activities		
Loss before tax for the year	**(78,351,656)**	(10,991,691)
Adjustments for:		
Finance costs – borrowings	**35,965,562**	52,720,125
Finance costs – lease liabilities	**1,051,525**	1,528,922
Net re-measurement of loss allowance	**782,311**	-
Deferred income charge for the year	**-**	159,943
Loyalty points redeemed during the year	**-**	(160,309)
Finance income	**(660,349)**	(1,992,690)
Depreciation of property, plant and equipment	**7,783,001**	7,670,464
Depreciation of right-of-use assets	**16,986,891**	19,668,492
Loss on write-off of property, plant and equipment	**7,437,021**	321,755
Loss on write-off of right-of-use assets	**19,673,031**	-
Impairment on right-of-use assets	**17,000,000**	-
Unrealized loss on derivative instruments	**10,155,555**	4,351,396
Provision for employees' end-of-service indemnity	**450,989**	1,168,513
Operating cash flows before changes in operating assets and liabilities	**38,273,880**	74,444,920
Decrease/(increase) in inventories	**74,415,846**	(30,530,961)
Decrease/(increase) in trade and other receivables	**49,092,446**	(4,036,647)
Decrease/(increase) in due from related parties	**2,404,657**	(1,554,016)
Decrease in margin deposits	**51,582,144**	35,976,399
(Decrease)/increase in trade and other payables	**(62,526,582)**	58,596,248
Increase/(decrease) in due to related parties	**7,803,674**	(608,684)
Cash generated from operating activities	**161,046,065**	132,287,259
Interest received	**1,443,076**	1,992,690
Interest paid	**(35,965,562)**	(34,108,594)
Employees' end-of-service indemnity paid	**(533,467)**	(376,775)
Net cash generated from operating activities	**127,387,984**	99,794,580
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	**-**	33,318
Payments for right-of-use asset	**-**	(22,818,330)
Purchase of property, plant and equipment	**(839,621)**	(15,252,343)
Settlement of derivative financial instruments	**(4,351,396)**	-
Net cash used in investing activities	**(5,191,017)**	(38,037,355)
Cash flows from financing activities		
Proceeds from bank borrowings	**1,372,106,890**	815,400,257
Repayments of bank borrowings	**(1,487,514,694)**	(878,877,135)
Payment against lease liabilities	**(19,076,731)**	(21,072,638)
Proceeds of loan from shareholder	**22,996,727**	11,412,602
Net cash used in financing activities	**(111,487,808)**	(73,136,914)
Net increase/(decrease) in cash and cash equivalents	**9,311,287**	(11,379,689)
Foreign currency translation differences	**1,448,744**	(828,622)
Cash and cash equivalents at the beginning of the year	**15,996,796**	28,205,107
Cash and cash equivalents at the end of the year (Note 7)	**26,756,827**	15,996,796

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

1. General information

a) Kalyan Jewellers FZE (the "Establishment") is a free zone establishment with limited liability registered on 15 July 2013 in accordance with the implementing regulations No.1 of 1998 issued pursuant to Law No. 2 of 1996, as amended of Dubai Airport Free Zone Authority (DAFZA), Government of Dubai.

b) The address of the registered office of the Establishment is East Side 5A, 7th Floor, Dubai Airport Free Zone, Dubai, United Arab Emirates.

c) The principal activities of the Establishment are import & export of gold, diamonds & precious stones & metals.

d) The Establishment is a wholly owned subsidiary of Kalyan Jewellers India Ltd., (the "Parent Company").

e) The consolidated financial statements of Kalyan Jewellers FZE and its subsidiaries (the "Group") for the year ended 31 March 2021 consolidate 100% of the assets, liabilities and results of operations of the following subsidiaries ("group entities") reflecting the controlling and beneficial interest of Kalyan Jewellers FZE, which controls directly or indirectly, the entire beneficial equity interest in the subsidiaries:

	Place of registration and operations	***Legal ownership %***	***Controlling and beneficial interest %***	***Principal activity***
Subsidiaries				
Kalyan Jewellers L.L.C.	Dubai, U.A.E.	49	100	Trading of jewellery, watches and perfumes
Kalyan Jewellers L.L.C	Muscat, Oman	70	100	Trading of jewellery
Kalyan Jewellers Bahrain W.L.L.	Bahrain	49	100	Trading of jewellery
Subsidiaries of a subsidiary				
Kalyan Jewellers W.L.L	Doha, Qatar	49	100	Trading of jewellery
Kalyan Jewellers for Golden Jewelleries W.L.L	Kuwait	49	100	Trading of jewellery and ornaments
Kenouz Al Sharq Gold Industries L.L.C.	Sharjah, U.A.E.	49	100	Trading of jewellery

Kalyan Jewellers Bahrain W.L.L. is yet to commence operations.

1(a). Going concern

In January 2020, the World Health Organization ("WHO") announced a global health emergency due to the outbreak of coronavirus ("COVID-19"). Based on the rapid increase in exposure and infections across the world, WHO, in March 2020, classified the COVID-19 outbreak as a pandemic. The pandemic nature of this disease has necessitated global travel restrictions and lockdowns in most countries of the world including the UAE, causing global disruption to business and economic activities.

Many countries have adopted extraordinary and economically costly containment measures with certain countries requiring companies to limit or even suspend normal business operations. Governments, including the Middle East, have implemented restrictions on travelling as well as strict quarantine and social distancing measures, which will/may significantly impact the results and operations of the Group.

1(a). Going concern (continued)

The lockdowns were implemented in the Middle East from 23 March 2020 onwards all the retail outlets of the Group remained closed until 23 April 2020. Post the lockdown being lifted in the Middle East from May 2020 onwards, some retails shops were reopened. However, during the current year the group has closed down six retail shops as a result of a significant decrease in footfall due to continued restrictions on tourism and loss of customer base due to the economic downturn in the luxury goods industry. Management has taken these measures to mitigate the impact of the situation on business operations and in addition has renegotiated some rents with the landlords for the retail shops including concessions, a reduction in workforce in line with the reduction in retail operations and salary cuts for staff have also been implemented.

The unprecedented nature of the pandemic, the high degree of uncertainty related to its evolution, duration and impact on the economy in general and the Group's business in particular, make the quantification of its adverse impact difficult to assess accurately. The Group's ability to continue in the near future as a going concern is dependent on whether it is able to meet its liabilities as and when they arise. The below mentioned factors are critical to the Group's ability to continue as a going concern and have been incorporated in the measurement of the Group's assets and liabilities at 31 March 2021:

a) Future cash flow projections and profitability

Cash flow projections and profitability for the future years of forecast are based on the assumption of a consistent gross margin similar to the achieved for the current year and on the below mentioned projected revenues:

- Increase in projected revenue of 10% in the first year subsequent to the period ended 31 March 2021;
- Increase in projected revenue of 6% in the second and third year thereafter;
- Increase in projected revenue of 5% per annum for the following three years.

Cash flow projections and profitability beyond the five-year period (as explained above) are based on a consistent gross margin (as explained above) and a steady increase of 2.8% per annum growth rate which have been estimated by the Group's management based on past performance of the retail stores and the management's expectations of future market recovery.

If the Group's expectations of the achievement of gross margins and actual sales from these retail outlets for the future years are adversely affected by the economic conditions and market recovery and it therefore fails to generate adequate cash flows to cover the "cost of operations", the Group may require additional funding from the Parent Company to continue as a going concern, which the Parent Company has committed to provide.

b) Support from the lessors of retail stores

The Group re-negotiated the lease rentals for a few shops in term of reduction in lease rentals for the remaining lease terms and the rent concessions for the lockdown periods. However, If such support or relief is not provided by the lessors in the coming years and the terms are restored to the previous, and if the Company's future sales from these retail outlets are adversely affected by the economic downturn and it therefore fails to generate adequate cash flows to cover "cost of operations", it may need to seek additional funding from the Parent Company to continue as a going concern.

1(a). Going concern (continued)

c) No allowance required on inventory of gold jewellery, diamond jewellery and precious stones

The Group's inventory comprises of gold jewellery, diamond jewellery and precious stones.

The valuation at the end of the reporting period of gold jewellery, diamond jewellery and other precious stone owned by the Group is at the lower of cost or net realizable value.

The Group's future profitability is dependent upon the future revenue from the retail outlets it operates and the market value of gold, diamond and precious stones. The Group's management expects that in the foreseeable future the market value of gold, gold jewellery, diamond jewellery and other precious stones might fluctuate but will not go below the amounts at which the inventory is carried at the end of the reporting period thus enabling the Group to continue as a going concern.

d) Recoverability of key money

In order to be able to operate from key locations in the Middle East, the Group has paid key money in case of some retail stores. The Group'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 Group's future profitability.

Management has considered the unique circumstances and the risk exposures of the Group and has concluded that the impact in the Group's profitability may / will arise. Along with its Ultimate Parent Company, Management are in the process of reassessing their trading and relevant cash flows using revised assumptions and incorporating downside scenarios in assessing their liquidity needs. Based on their initial assessment no liquidity issues have been identified.

Notwithstanding this fact, the financial statements of the Group have been prepared on a going concern basis as the Ultimate Parent Company if required has resolved to provide the necessary financial support to enable it to continue its operations and meets its obligation as and when they fall due.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and amended IFRSs Standards that are effective for the current year

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

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

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

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

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

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and amended IFRSs Standards that are effective for the current year (continued)

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

Impact on accounting for changes in lease payments applying the exemption

The Company has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures.

The Company has benefited from an average of 3 months waiver of lease payments for few outlets in Middle east. The waiver of lease payments of AED 2.5 million has been accounted for as a negative variable lease payment in profit or loss. The Company has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of IFRS 9:3.3.1.

2.2 New and amended IFRS applied with no material effect on the consolidated financial statements

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

New and revised IFRSs	Effective for annual periods beginning on or after
Definition of a Business - Amendments to IFRS 3 *Business Combinations* The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	1 January 2020
Amendments to *References to the Conceptual Framework in IFRS Standards* Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	1 January 2020
IFRS 7 Financial Instruments: Disclosures and IFRS 9 - Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of material	January 1, 2020
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

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

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 17 *Insurance Contracts*	1 January 2023
IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be set
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	1 January 2023, Early application is permitted
Amendments to IFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*	1 January 2022

Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new and revised standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

All other IFRSs not yet adopted are not expected to have a material impact on the consolidated financial statements of the Group in the period of initial adoption.

3. Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of consolidation

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are carried at fair value. The principal accounting policies are set out below.

The consolidated financial statements incorporate the financial statements of the Establishment and entities controlled by the Establishment (its subsidiaries). Control is achieved when the Establishment:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

3. Significant accounting policies (continued)

3.2 Basis of preparation (continued)

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Establishment and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other entities of the Group. The financial statements of all subsidiaries are prepared using the same reporting year as the Establishment.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and;

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

When assets of the subsidiary are carried at fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of businesses are accounted for using the acquisition method except for 'common control' transactions that are accounted at book values. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

3.2 Basis of preparation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the group's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Business combinations involving entities or businesses under common control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owner of the Group.

3. Significant accounting policies (continued)

3.3 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at a point in time when control of the goods is passed, at which time all the following conditions are satisfied:

- the performance obligation has been satisfied by the Group;
- the Group has transferred control of the goods to the customer;
- the Group has transferred the significant risks and rewards related to the ownership of the goods to the customer;
- the Group has a present right to payment for the goods delivered;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other income

Other income is recognized when the group’s right to receive, settle or extinguish the payment or liability is established.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

3.4 Functional and presentation currency and foreign currencies

The presentation currency of the consolidated financial statements is Arab Emirates Dirhams (“AED”), as a significant proportion of the Group’s assets, liabilities, income and expenses are in AED.

In preparing the financial statements of each individual Group’s entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant accounting policies (continued)

3.4 Functional and presentation currency and foreign currencies (continued)

Exchange differences on monetary items are recognised in the consolidated statement of profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated statement of profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into AED using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint arrangements that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to the consolidated statement of profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

3.5 Inventories

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

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

3. Significant accounting policies (continued)

3.5 Inventories (continued)

The cost of gold and gold jewellery (including making charges), owned by the Group is determined on the basis of weighted average cost.

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 at same amount for unfixed gold.

3.6 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

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

Useful life	**Years**
Computer equipment	3 years
Electrical equipment	10 years
Motor vehicles	10 years
Plant and machinery	15 years
Furniture and fittings	10 years

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

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

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

Assets in the course of construction are carried at cost as capital work in progress, and are transferred to property, plant or equipment when commissioned. No depreciation is charged on such assets until asset is ready for use.

3.7 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

3. Significant accounting policies (continued)

3.7 Provisions (continued)

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

3.8 Leasing

The Group as lessee

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group 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 Group 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 Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- the lease liability is presented as a separate line in the consolidated 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 Group 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), and
- 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. Significant accounting policies (continued)

3.8 Leasing (continued)

The Group as lessee (continued)

The above adjustments do not effect the periods presented.

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

Whenever the Group 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 Group 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 consolidated statement of financial position.

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

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

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 Group has not used this practical expedient.

3.9 Impairment of tangible assets

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

3. Significant accounting policies (continued)

3.9 Impairment of tangible assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

3.10 Employee benefits

The provision for employees' end-of-service indemnity is calculated in accordance with the labour laws of the respective country in which they are employed. The Group's net obligation in respect of end of service indemnity is calculated by estimating the amount that would arise if the employment of all staff were terminated at the reporting date.

3.11 Financial instruments

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

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

3.11 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets

(i) Debt instruments designated at amortised cost

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

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

(ii) Debt instrument designated at other comprehensive income

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

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

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

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

Amortised cost and effective interest rate method

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

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

3. Significant accounting policies (continued)

3.11 Financial instruments (continued)

Financial assets (continued)

Amortised cost and effective interest rate method (continued)

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

Equity instruments designated as at FVTOCI

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

A financial asset is held for trading if:

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

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

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

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

3. Significant accounting policies (continued)

3.11 Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

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

Impairment of financial assets

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

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

For all other financial instruments, the Group 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

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

3. Significant accounting policies (continued)

3.11 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment.

In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group 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 Group 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 Group 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 Group.

3. Significant accounting policies (continued)

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

(v) Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. Significant accounting policies (continued)

3.11 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 Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

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

Financial liabilities at FVTPL

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

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

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3. Significant accounting policies (continued)

3.11 Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group'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.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.12 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments, such as commodity forward and swap contracts, to hedge it commodity price risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

3. Significant accounting policies (continued)

3.12 Derivative financial instruments and hedging activities (continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to commodity contracts is recognised in "loss/Gian on derivative financial instruments" in the profit or loss.

The fair values of the Group's derivative instrument used for hedging are disclosed in Note 27.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory or fixed assets), the gains and losses previously recorded in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in direct costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss and deferred costs of hedging existing in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset (such as inventory) and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement within 'Inventories'.

3. Significant accounting policies (continued)

3.13 Contingent liabilities

Contingent liabilities are not recognised/recorded in the consolidated 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 consolidated financial statements but disclosed when an inflow of economic benefits is probable.

3.14 Borrowing costs

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

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

3.15 Fair value measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each reporting date. 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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

3. Significant accounting policies (continued)

3.15 Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the basis as explained above, except for share-based payment transactions that are within the scope of IFRS 2; leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition

In making their judgement, the Group considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that the control has been transferred and the recognition of the revenue is appropriate.

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

4.2 Key sources of estimation uncertainty

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

Useful lives and depreciation of property, plant and equipment

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

Leasehold improvements

Cost of furniture and fittings include leasehold improvements and management determines the estimated useful lives and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Group will renew its annual lease over the estimated useful life and the depreciation charge could change if the annual lease is not renewed. Management will increase the depreciation charge where useful lives are less than the previously estimated.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

The Group has leased shops and office premises and warehouse for a period ranging from 1 to 3 years. The Management has determined the lease term by taking into consideration the remaining period of the lease, the local laws and regulations within each Country and any residual guarantee period within each contract.

Incremental borrowing rate

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

Information on the carrying amount of right-of-use asset and lease liabilities and sensitivity of those amounts to changes in discount rates are provided in Note 10.

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

4.2 Key sources of estimation uncertainty (continued)

Residual value of right-of-use assets

The Group's management has determined that the residual value of the right-of-use assets is equivalent to the key money paid at the commencement of the lease amounting to AED 150,350,250 at 31 March 2021 (31 March 2020: AED 186,190,660) . On an annual basis the management will review the residual values to determine whether they are recoverable or have been impaired.

Impairment of right-of-use asset

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. As at 31 March 2021, management assessed whether there are indications that the right-of-use assets which are included in its consolidated statement of financial position at 31 March 2021 at AED 164,313,955 (2020: AED 209,053,403) are impaired.

Management has assessed the recoverable amount of the right-of-use assets, which is higher of its fair value less cost of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from current real estate market conditions and binding agreements with landlords. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows based on the forecasted budget and the growth rate used for extrapolation purposes.

Budgets comprise estimates of revenue, staff costs, overheads and gross margins based on current and anticipated market conditions that have been considered and approved by the management for each cash generating unit retail shop. Whilst the Group is able to manage most of the costs, the revenue projections are inherently uncertain due to the short-term nature of the business and variable market conditions due to COVID-19 pandemic.

The sensitivity analysis in respect of the estimates and assumptions used to estimate recoverable amount of right-of-use assets is presented in Note 10.

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).

Most extension options in offices and vehicles leases have not been included in the lease liability, because the group could replace the assets without significant cost or business disruption.

5. Property, plant and equipment

	Computer equipment AED	Electrical equipment AED	Plant and machinery AED	Motor vehicles AED	Furniture and fittings AED	Total AED
Cost						
At 1 April 2019	6,053,294	11,641,284	2,278,910	1,449,276	89,721,072	111,143,836
Additions during the year	901,392	659,845	10,153,380	-	3,537,726	15,252,343
Disposals	-	(404,964)	-	(279,522)	(372,961)	(1,057,447)
Exchange differences	(15,799)	(63,547)	(115)	(7,921)	(376,348)	(463,730)
At 31 March 2020	6,938,887	11,832,618	12,432,175	1,161,833	92,509,489	124,875,002
Additions during the year	39,292	249,838	80,872	-	469,619	839,621
Write-offs	(9,582)	(1,227,757)	-	-	(8,879,290)	(10,116,629)
Exchange differences	19,084	91,743	27,154	10,370	548,662	697,013
At 31 March 2021	**6,987,681**	**10,946,442**	**12,540,201**	**1,172,203**	**84,648,480**	**116,295,007**
Accumulated depreciation						
At 1 April 2019	3,382,842	5,339,803	326,018	855,692	27,545,151	37,449,506
Charge for the year	1,556,303	852,118	208,923	78,788	4,974,332	7,670,464
Disposals	-	(241,195)	-	(248,041)	(213,138)	(702,374)
Exchange differences	(12,917)	(42,927)	(11)	(2,986)	(149,256)	(208,097)
At 31 March 2020	4,926,228	5,907,799	534,930	683,453	32,157,089	44,209,499
Charge for the year	1,262,877	796,862	1,197,744	77,836	4,447,682	7,783,001
Write-offs	(3,720)	(623,631)	-	-	(1,654,637)	(2,281,988)
Exchange differences	17,835	60,205	46	4,393	216,914	299,393
At 31 March 2021	**6,203,220**	**6,141,235**	**1,732,720**	**765,682**	**35,167,048**	**50,009,905**
Carrying amount						
At 31 March 2021	**784,461**	**4,805,207**	**10,807,481**	**406,521**	**49,481,432**	**66,285,102**
At 31 March 2020	2,012,659	5,924,819	11,897,245	478,380	60,352,400	80,665,503

Included in property and equipment are assets amounting to AED 165,432 (2020: AED 179,574) which are fully depreciated and are in use as at the reporting date.

6. Inventories

	2021 AED	2020 AED
Cost of inventories on hand		
Bullion – unfixed [Note 6(a)]	**30,910,900**	27,148,733
Gold jewellery – unfixed [Note 6(b)]	**173,469,475**	246,362,234
Gold jewellery – fixed [Note 6(c)]	**64,350,991**	45,702,746
Diamond Jewellery	**170,877,153**	197,735,271
Making and other charges	**10,333,670**	8,278,992
Scrap gold	**3,771,691**	2,901,750
	453,713,880	528,129,726

a) Unfixed bullion represents 155 kilograms (2020: 143 kilograms) of bullion received from suppliers.

b) The Group purchases gold jewellery by exchanging equivalent bullion for the value of gold used in those jewelleries and the related making charges are paid as per credit terms agreed with suppliers.

Unfixed gold jewellery represents 872 kilograms (2020: 1,319 kilograms) of gold amounting to AED 174 million (2020: AED 249 million), which is valued at a bullion price of AED 199 per gram prevailing as at 31 March 2021 (2020: AED 189 per gram). The corresponding liability for unfixed gold has been recognised at the closing bullion rate as at 31 March 2021 [Note 18].

c) The cost of gold and gold jewellery, owned by the Group is determined on the basis of weighted average cost. The gold jewellery is held by its subsidiary in Qatar and Oman on a fixed basis.

d) Inventories are further secured against bank borrowings as disclosed in Note 18.

7. Cash and cash equivalents

	2021 AED	2020 AED
Cash on hand	**2,594,273**	1,798,061
Bank balances - current accounts	**24,162,554**	14,198,735
	26,756,827	15,996,796

Amounts held in banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the United Arab Emirates, Qatar, Kuwait and Oman. Accordingly, the management of the Group estimates the loss allowance on deposits 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 banks, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

Cash and cash equivalents are secured against bank borrowings as disclosed in Note 18.

8. Trade and other receivables

	2021	2020
	AED	AED
Trade receivables	**22,947,203**	47,280,461
Advances to suppliers	**71,624,299**	73,306,772
Prepayments	**2,375,166**	18,926,545
Deposits	**3,417,859**	8,988,552
Other receivables	**-**	1,737,370
Less: Expected credit loss allowance	**(782,311)**	-
	99,582,216	150,239,700

The average credit period for receivables from third parties is 30 days (2020: 30 days).

Trade receivables are secured against bank borrowings as disclosed in Note 18.

Credit card receivables are realised within three working days. Credit card receivables have been pledged with a bank against the borrowings availed to the Group (Note 18).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables 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 following table details the risk profile of trade receivables based on the Group's provision:

	Expected credit loss rate	**Gross carrying amount AED**	**Expected credit loss AED**	**Not impaired receivables AED**
31 March 2021				
Low risk	**3%**	**22,947,203**	**(782,311)**	**22,164,892**
		22,947,203	**(782,311)**	**22,164,892**
31 March 2020				
Low risk	0%	47,280,461	-	47,280,461
		47,280,461	-	47,280,461

8. Trade and other receivables (continued)

Ageing of trade receivables:

	Gross carrying amount at default AED	**Expected credit loss AED**	**Not impaired receivables AED**
31 March 2021			
Current	**20,953,274**	**-**	**20,953,274**
Past due by:			
0 - 90 days	**1,993,929**	**(782,311)**	**1,211,618**
91 - 180 days	**-**	**-**	**-**
181 to 365 days	**-**	**-**	**-**
	22,947,203	**(782,311)**	**22,164,892**

	Gross carrying amount at default AED	Expected credit loss AED	Not impaired receivables AED
31 March 2020			
Current	46,222,559	-	46,222,559
Past due by:			
0 – 90 days	1,057,902	-	1,057,902
91 – 180 days	-	-	-
181 to 365 days	-	-	-
	47,280,461	-	47,280,461

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Collectively assessed AED	**Individually assessed AED**	**Total AED**
Balance as at 1 April 2020	-	-	-
Net re-measurement of loss allowance (Note 23)	782,311	-	782,311
Balance as at 31 March 2021	**782,311**	**-**	**782,311**

9. Related parties

The Group enters into transactions with other companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel. The Ultimate Controlling Party of the Group are the shareholders of Kalyan Jewellers India Ltd, India. The management decides on the terms and conditions of transactions and of services received/rendered from/to related parties as well as other charges.

The Group has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Group has considered the terms underlying these balances, historical default rates, the ability of the related parties to settle these balances when due and the right of set off on a Group basis. The balances due from related parties are repayable on demand and there is no historical default rate. For the year ended 31 March 2021, the Group has recorded Nil impairment of amounts due from related parties (2020: Nil).

At the reporting date, balances with related parties were as follows:

	2021 **AED**	2020 AED
(a) Due to related parties		
Key Management Personnel	**2,010,000**	1,770,000
Kalyan Jewellers India Ltd.	**7,563,674**	-
	9,573,674	1,770,000

	2021 **AED**	2020 AED
(b) Due from related parties		
Parent		
Kalyan Jewellers India Ltd.	**2,923,485**	1,701,468
Kalyan Jewellers USA	**-**	3,626,674
	2,923,485	5,328,142

The amounts due to related parties are payable on demand and are not interest bearing.

	2021 **AED**	2020 AED (Restated)
(c) Loan from a shareholder		
Parent		
Kalyan Jewellers India Ltd.	**29,218,078**	241,221,351

This amount carries interest at the rate of 6.5% as a result of regulatory requirements from India. The loan has no fixed repayment term and repayment is at the discretion of the Group.

9. Related parties (continued)

(d) Transactions with related parties during the year

Transactions with related parties included in the consolidated financial statements are as follows:

	2021 AED	2020 AED
Key managerial remuneration		
-Short-term	**2,010,000**	1,016,391
-Long-term	**-**	18,448
	2,010,000	1,034,839
Interest expense on loan from shareholders	**7,563,685**	18,611,531

The bank borrowings (Note 18) are subject to certain securities which include the personal guarantees of certain shareholders of the Parent Company, corporate guarantees of the Parent Company and subsidiaries.

10. Right-of-use assets

The Group has leased space for showrooms and offices from different landlords in the UAE, Qatar, Kuwait and Oman. The average lease term ranges from 1 to 3 years.

	2021 AED	2020 AED
Cost		
At 1 April	**230,708,000**	203,715,922
Additions	**11,141,456**	46,167,758
On early termination of the contracts	**(45,202,223)**	(18,562,485)
Exchange differences	**1,415,018**	(613,195)
At 31 March	**198,062,251**	230,708,000
Accumulated depreciation		
At 1 April	**21,654,597**	19,168,318
Charge for the year (note 23)	**16,986,891**	19,668,492
On early termination of the contracts	**(22,100,037)**	(17,050,215)
Exchange differences	**206,845**	(131,998)
Impairment of right-of-use assets	**17,000,000**	-
At 31 March	**33,748,296**	21,654,597
Net book value at 31 March	**164,313,955**	209,053,403

10. Right-of-use assets (continued)

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

The recoverable amount of the right-of-use asset as a cash-generating unit is determined based on a "value in use" calculation which uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 12.4% per annum. Cash flow projections and profitability for the future years of forecast are based on the assumption of a consistent gross margin similar to those achieved for the current year and on the below mentioned projected revenues:

- Increase in projected revenue of 10% in the first year subsequent to the period ended 31 March 2021;
- Increase in projected revenue of 6% in the second and third year thereafter;
- Increase in projected revenue of 5% per annum for the following two years.

Cash flow projections and profitability beyond the five-year period (as explained above) are based on a consistent gross margin (as explained above) and a steady increase of 2.8% per annum growth rate which are estimated by the Group's management based on past performance of the retail stores and the management's expectations of future market recovery.

Sensitivity analysis

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

At the beginning and end of the financial year the recoverable amount of the right-of-use asset was lower by AED 17 million of its book value (2020: AED Nil).

Budgeted sales growth:

At the CGU level, had budgeted sales growth for each shop been 1% lower in each subsequent 5 years of analysis (other key assumptions remaining constant), impairment charge would increase by AED 3 million as recorded in the books of the Group.

Weighted average cost of capital:

At the CGU level, had the weighted average cost of capital for each shop been increased by 1% (other key assumptions remaining constant), impairment charge would increase by AED 3 million in the books of the Group.

Terminal growth rates:

At the CGU level, had the terminal growth rates for each shop been reduced to 1% (other key assumptions remaining constant), impairment charge would increase by AED 1 million in the books of the Group.

The total cash outflow for leases amounts to AED 18,181,949 (2020: AED 21,072,638).

11. Lease liabilities

Lease liabilities included in the consolidated statement of financial position as follows:

	2021 AED	2020 AED
At 1st April	**22,353,795**	20,666,323
Additions	**11,003,537**	21,305,094
Accretion of interest	**1,051,525**	1,528,922
On early terminations of the contracts	**(3,429,155)**	-
Payments	**(18,044,046)**	(21,072,638)
Foreign exchange translation gain/(loss)	**313,407**	(73,906)
At 31st March	**13,249,063**	22,353,795
Maturity analysis		
Not later than 1 year	**9,318,952**	13,084,278
Later than 1 year and not later than 5 years	**3,930,111**	9,269,517
	13,249,063	22,353,795

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

During the current year, the group obtained rent relief amounting to AED 2.5 million from the landlords of retail outlets. These concessions were granted for the lockdown period with an average of 3 months rent free period. Rent concessions have been accounted for based on the treatment mentioned in note 2.1.1.

Sensitivity analysis of incremental borrowing rate:

The incremental borrowing rate applied to lease liabilities recognized in the consolidated statement of financial position as of 31 March 2020 is 6.5%.

If the incremental borrowing rate had been 1% higher or lower and all variables were held constant, the Group's carrying amount of lease liabilities would have decreased or increased by AED 132,491 (2020: AED 223,538).

a) Amounts recognized in profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 AED	2020 AED
Depreciation charge of right-of-use assets (Note 23)	**16,986,891**	19,668,492
Interest expense (included in finance cost) (Note 26)	**1,051,525**	1,528,922
Expense relating to short term and low value leases (Note 23)	**4,872,646**	6,161,146

12. Margin deposits

	2021 **AED**	2020 AED
Margin deposits	**70,463,834**	122,045,978

Margin deposits earn interest at a rate of between 1.5% to 2.5% per annum (2020: 1.5% to 2.3% per annum). The margin deposits are used to secure bank borrowings as disclosed in Note 18.

Margin deposits held in banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the United Arab Emirates, Qatar, Kuwait and Oman. Accordingly, the management of the Group estimates the loss allowance on deposits 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 banks, the management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

13. Share capital

During the current year the Establishment has increased the issued and paid up share capital through the conversion of Loan from shareholder and issued 235 number of shares at par of AED 1,000,000 each. The authorised, issued and fully paid up shares of the Group are as follows:

Name of Shareholder	**% Ownership**	**Number of Shares**	**Amount AED**
31 March 2021			
Kalyan Jewellers India Ltd.	**100%**	**385**	**385,000,000**
31 March 2020			
Kalyan Jewellers India Ltd.	100%	150	150,000,000

14. Statutory reserve

Statutory reserve represents reserves of a subsidiary as required by law, for limited liability companies registered in the U.A.E. In accordance with UAE Federal Law No. (2) of 2015, the Group's subsidiary, Kalyan Jewellers L.L.C. has established a statutory reserve by the appropriation of 10% of net profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except in the circumstances as stipulated by the Law. No transfer has been made to the reserve during the current year as it is already equal to 50% of the share capital of the subsidiary.

15. Loan from a shareholder

The loan from a shareholder at 31 March 2021 represents an amount of AED 29.2 million (2020: AED 209.6 million), which is due to the shareholder (Kalyan Jewellers India Ltd). This amount carries interest at the rate of 6.5% as per regulatory requirements in India.

16. Provision for employees' end of service indemnity

	2021 AED	2020 AED
Balance at the beginning of the year	**3,163,275**	2,391,158
Charge for the year	**450,989**	1,168,513
Amounts paid	**(562,047)**	(376,775)
Exchange differences	**28,580**	(19,621)
Balance at the end of the year	**3,080,797**	3,163,275

17. Trade and other payables

	2021 AED	2020 AED
Trade payables - others	**55,144,676**	115,258,644
Advances from customers	**46,609,430**	53,344,140
Accrued expenses	**3,442,261**	4,617,814
Other payables	**5,596,427**	98,778
	110,792,794	173,319,376

The average credit period for trade payables from third parties is 40 days (2020: 40 days).

18. Bank borrowings

	2021 AED	2020 AED
Gold loans [Note 18(a)]	**208,152,066**	276,412,715
Term loan [Note 18(b)]	**3,148,611**	26,291,974
Bank overdraft [Note 18(c)]	**120,592,379**	131,094,623
Supplier invoice financing [Note 18(d)]	**85,093,988**	98,595,536
	416,987,044	532,394,848
Less: non-current portion of term loan	**(2,003,664)**	(3,135,957)
	414,983,380	529,258,891

18. Bank borrowings (continued)

a) The Group has obtained gold loan facilities with a total limit of AED 262.5 million (2020: AED 297.5 million) of which AED 208.15 million (2020: AED 276.41 million) was utilised as at the end of the reporting period. The interest rate on the gold loans availed ranges from 3.5% to 6.5% (2020: 1.4% to 3.5%) per annum and the tenure of gold loan is between 45 days to 12 months (2020: between 45 days to 12 months) and the loans are guaranteed by standby letters of credit issued by the Bank of the Ultimate Parent Company.

   As at 31 March 2021, gold quantity of 1,047 Kgs (2020: 1,462 Kgs) has been obtained as a loan from bullion banks on an unfixed basis and has been revalued at the closing bullion rate of AED 199 per gram (2020: AED 189 per gram). Gold loans availed during the year are subject to certain financial covenants and these covenants have been met as at the reporting date.

   The borrowings are subject to certain securities which include the personal guarantees of certain shareholders, corporate guarantees of the Parent Company and subsidiaries, margin deposits amounting to AED 70.4 million (2020: AED 84.6 million), cash margin covering the unfixed gold facility, assignment of jewellery block insurance policy covering the Group and its subsidiaries; assignment of point of sales collections and pledge over the bank accounts in which collections are to be deposited; letters of credit, settlement cheques, hypothecation over stocks and receivables.

b) The Group has availed a term loan (Point of Sale loans) for funding inventories in its subsidiaries' existing/new outlets. The term loan is repayable in 30 equal monthly installments.

c) The Group has availed overdraft facilities against postdated cheques to finance the upfront security cash margin to be held against drawdowns under Unfixed Gold Facilities. The facility has an interest rate which ranges from 3.5% to 7.0% per annum (2020: 6 % per annum).

d) The Group has a supplier's invoice financing facility with a limit of AED 100 million (2020: AED 100 million) of which AED 74.7 million (2020: AED 98.59 million) was utilised as of the reporting date. This facility is an invoice financing agreement and to be repaid within 120 days. The facility has an interest rate of 5.5% per annum (2020: 5.5% per annum).

   Suppliers invoice financing facility is secured by margin deposits amounting to AED 36.5 million [2020: AED 37.47 million] (Note 12), corporate guarantees from the Parent Company, standby letters of credit amounting to 35% of the total funds availed less margin deposit, daily sales collection of 5 stores and a security cheque equivalent to the total facility amount.

Reconciliation of liabilities arising from financing activities:

	1 April 2020 AED	Financing cash flows Proceeds AED	Repayments AED	Other changes AED	**31 March 2021 AED**
Bank borrowings	532,394,848	1,372,106,890	(1,487,514,694)	-	**416,987,044**

19. Revenue

	2021	2020
	AED	AED
Gross revenue from sale of gold jewellery and diamond ornaments	**596,006,633**	1,145,208,613
Less : Charge for customer loyalty points	**(492)**	(159,943)
Less: Discount on promotional sales	**(235,211)**	(305,854)
	595,770,930	1,144,742,816

20. Cost of sales

	2021	2020
	AED	AED
Inventories at the beginning of the year	**528,129,726**	497,598,765
Purchases of bullion	**27,346,904**	757,044,846
Purchases of gold and diamond jewellery	**373,456,018**	241,700,890
Making charges	**6,025,832**	4,197,235
Packing materials	**903,403**	2,186,124
Other direct costs	**15,610,195**	17,771,498
	951,472,078	1,520,499,358
Inventories at the end of the year (Note 6)	**(453,713,880)**	(528,129,726)
	497,758,198	992,369,632

21. Other income

	2021	2020
	AED	AED
Foreign exchange gain	**-**	83,131
Other income	**5,427,036**	1,847,674
	5,427,036	1,930,805

22. Other expenses

	2021	2020
	AED	AED
Loss on disposal of property, plant and equipment	**8,081,642**	321,755

23. General and administrative expenses

	2021 AED	2020 AED
Salaries and other benefits	**19,831,320**	27,763,590
Loss on write-off of right-of-use assets	**19,673,031**	-
Depreciation on right-of-use assets (Note 10)	**16,986,891**	19,668,492
Depreciation on property, plant and equipment (Note 5)	**7,783,001**	7,670,464
Rent and other charges	**4,872,646**	6,161,146
Legal and professional fees	**4,603,629**	3,635,069
Travel and communication	**3,605,216**	4,291,036
Bank charges	**3,312,508**	4,495,260
Utilities	**1,794,817**	2,124,316
Security services	**65,250**	188,353
Foreign exchange loss	**345,625**	1,666,431
Consultancy fees	**57,415**	82,165
Net re-measurement of loss allowance	**782,311**	-
Others	**9,836,695**	6,519,602
	93,550,355	84,265,924

24. Sales and marketing expenses

	2021 AED	2020 AED
Advertisement expenses	**4,859,794**	8,090,810
Sales promotion expenses	**11,787,342**	16,009,438
	16,647,136	24,100,248

25. Finance income

	2021 AED	2020 AED
Interest income on margin deposits (Note 12)	**660,349**	1,992,690

26. Finance costs

	2021 AED	2020 AED (Restated)
Interest expense		
- on gold loans	**17,770,747**	20,139,655
- on other loans	**8,644,493**	10,864,392
Interest on loan from shareholder	**7,563,685**	18,611,531
Interest expense on lease liabilities	**1,051,523**	1,528,922
Loan arrangement and letters of credit fees	**1,986,637**	3,104,547
	37,017,085	54,249,047

Interest expense - others loans represents interest on loans from banks.

27. Hedging activities and derivatives

Derivative financial assets

	2021 AED	2020 AED
Derivatives not designated as hedging instruments:		
Commodity forward contracts	**1,822,491**	791,136
Commodity swap contracts	**-**	42,089
Derivatives designated as hedging instruments:		
Commodity forward contracts	**751,938**	-
Commodity swap contracts	**-**	-
	2,574,429	833,225

Derivative financial liabilities

	2021 AED	2020 AED
Derivatives not designated as hedging instruments:		
Commodity forward contracts	**11,512,594**	2,979,405
Commodity swap contracts	**-**	2,205,216
Derivatives designated as hedging instruments:		
Commodity forward contracts	**717,778**	-
Commodity swap contracts	**20,364,054**	-
	32,594,426	5,184,621

27. Hedging activities and derivatives (continued)

The aggregate net loss on derivative financial instruments recognized in profit or loss are:

	2021 AED	2020 AED
Net (loss)/gain on derivative financial instruments not designated as hedging instruments	**(10,001,991)**	(4,351,396)
Ineffective portion of change in fair value of derivative financial instruments designated as hedged instruments	**(153,564)**	-
	(10,155,555)	(4,351,396)

Hedging activities:

The impact of the hedging instruments on statements of financial position is as follows:

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The group is holding the following commodity swap contracts:

	Less than 1 month	1-3 months	3 months - 1 year	Between 2 to 5 years	Total
As at 31 March 2021					
Commodity swap contracts					
Notional amount (in '000)	62,448	-	-	62,448	62,448
Average forward rate (USD/XAU)	1,858	-	-	1,858	1,858

The impact of the hedging instruments on the statement of financial position is, as follows:

	Notional Amount	Carrying Amounts	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As at 31 March 2021				
Commodity swap contracts	**62,447,992**	**(20,018,007)**	Derivative financial liability	**(153,564)**

27. Hedging activities and derivatives (continued)

The impact of the hedged instruments on the statement of financial position is, as follows:

	Change in fair value used for measuring ineffectiveness for the period (‘000)	Cash flow Hedge reserve (‘000)	Cost of hedging reserve
As at 31 March 2021			
Commodity swap contracts	**(153,564)**	Derivative financial liability	-

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income is,

	Total hedging gain/(loss) recognised in OCI	Ineffective-ness recognised in profit or loss	Line item in the statement of profit or loss
As at 31 March 2021			
Commodity swap contracts	**(19,864,443)**	**(153,564)**	Loss on derivative financial instruments

28. Taxation

The tax rate applicable to the Group’s operations in Oman is 15%. Adjustments for tax purposes include items relating to both income and expense. The adjustments are based on the current understanding of the existing tax laws, regulations and practices. In the current year after the adjustment of expenses as per tax law, the Oman operations are in a tax loss position; accordingly, no current tax has been recorded in the current year. Accordingly, the applicable tax rate is nil and the average effective tax rate cannot be determined in view of no tax charge for the current year.

a) Credit / (charge) in the statement of profit and loss and other comprehensive income is as follows:

	2021	2020
	AED	AED
Deferred tax:		
Current year	**1,588,085**	(194,271)
Prior year	**-**	423,023
Exchange rate difference	**-**	(226)
	1,588,085	228,526

28. Taxation (continued)

b) Tax reconciliation

The following is a reconciliation of income taxes calculated on accounting profits from the Oman operations at the applicable tax rate with the income tax expense for the year. The reconciliation of the accounting profit with the taxation charge in the consolidated financial statements is as follows

	2021 **AED**	2020 AED
(Loss)/Profit before tax	**(10,780,202)**	1,110,847
Taxation at 15% [(2020:15%)]	**1,617,030**	(166,630)
Add/(less) tax effect of:		
Non-deductible expenses	**(28,945)**	(27,651)
Deferred tax – prior year	**-**	423,023
Tax income	**1,588,085**	228,742

c) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15%. The Group is of the view that it will be able to utilise its taxable carried forward losses within five years from the year of incurrence. Deferred tax calculations are adjusted on annual basis based on the assessment carried by management. Net deferred tax asset in consolidated statement of financial position and the net deferred tax credit in the profit or loss are attributable to the following items:

	At 1 April 2020 AED	**(Charge)/ credit to profit or loss AED**	**At 31 March 2021 AED**
31 March 2021			
Taxable temporary difference	**(1,588,606)**	**182,517**	**(1,406,123)**
Deductible temporary difference	**1,817,348**	**1,405,568**	**3,222,916**
Exchange rate difference	**(216)**	**-**	**(67)**
	228,526	**1,588,085**	**1,816,760**

d) Tax status

As of 31 March 2021, none of the tax assessments of the Oman operations have been completed by the Omani taxation authorities. Management of the Group believe that additional taxes, if any in respect of open tax years, would not be significant to the Group's consolidated financial position as at 31 March 2021.

29. Financial instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

29. Financial instruments (continued)

b) Categories of financial instruments

	2021 **AED**	2020 AED
Financial assets		
At amortised cost	**125,726,897**	201,377,299
At fair value	**2,574,429**	833,225
Financial liabilities		
At amortised cost	**295,741,822**	399,982,386
At fair value	**32,594,426**	5,184,621

c) Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities as stated in the consolidated statement of financial position approximate their fair value.

30. Financial risk management

The Group's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Group. The management provides principles for overall financial risk management and policies covering specific areas, such as market risk including foreign exchange risk and interest rate risk, credit risk, and liquidity risk.

(a) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk is controlled by counterparty limits that are reviewed and approved by the management.

The Group's principal financial assets are cash and cash equivalents, trade and other receivables (excluding prepayments), and other financial assets. The credit risk on bank balances is limited because the counterparties are banks registered in the United Arab Emirates, Qatar, Kuwait and Oman.

Category	***Description***	***Basis for recognizing expected credit losses***
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 month ECL
Doubtful	Amount is more than 180 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit impaired
In default	Amount is more than 365 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Further details of credit risks on trade receivables are discussed in Note 8.

30. Financial risk management (continued)

(b) Exchange rate risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting are as follows:

	Assets/(liabilities)	
	2021	2020
	AED	AED
Kuwaiti Dinar	**(49,686,048)**	(1,372,609)
Omani Rial	**(73,815,864)**	(16,822,485)
Qatari Rial	**(48,978,474)**	(4,856,792)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Arab Emirates Dirhams against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Arab Emirates Dirhams - strengthens 10% against the relevant currency. For a 10% weakening of the Arab Emirates Dirhams against the relevant currency, there would be an equal and opposite impact on profit, and the balances below would be negative.

	Profit or (loss)	
	2021	2020
	AED	AED
Kuwaiti Dinar	**(4,968,605)**	(137,261)
Omani Rial	**(7,381,586)**	(1,682,248)
Qatari Rial	**(4,897,847)**	(485,679)

(c) Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2021 would decrease by AED 691,856 (2020: AED 498,461). The interest rate risk is attributable to increase in variable margin and benchmark rate of borrowings.

30. Financial risk management (continued)

(d) Commodity price risk

The Group is exposed to price risk on both sales and purchases of gold inventory. The increased volatility in gold price over the past 12 months has led to decision to enter into commodity forward and swap contracts. These contracts are expected to reduce the volatility attributable to price fluctuation of gold. Hedging the price volatility of forecast copper purchases is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the critical terms match method to test hedge effectiveness and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management. The Group manages liquidity risk by maintaining adequate reserves, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group has access to loans from related parties to further reduce liquidity risk.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables comprise principal cash flows.

30. Financial risk management (continued)

(e) Liquidity risk management (continued)

Liquidity risk tables (continued)

	Average interest rate %	**Less than 1 month AED**	**1-3 months AED**	**3 months - 1 year AED**	**Between 2 to 5 years AED**	**Total AED**	**Carrying amount AED**
31 March 2021							
Fixed interest rate instruments	**6.5%**	**807,534**	**1,615,069**	**7,267,810**	**4,707,128**	**14,397,542**	**13,249,063**
Variable interest rate instruments	**6.5%**	**151,087,157**	**45,312,548**	**69,188,195**	**2,272,606**	**267,860,506**	**208,834,977**
Non-interest bearing instruments	**-**	**73,657,782**	**-**	**-**	**-**	**73,657,782**	**73,657,782**
		225,552,473	**46,927,617**	**76,456,005**	**6,979,734**	**355,915,830**	**295,741,822**
31 March 2020							
Fixed interest rate instruments	6.5%	1,161,230	2,322,459	10,451,067	10,513,718	24,448,474	22,353,795
Variable interest rate instruments	6.5%	167,921,931	56,612,316	44,746,930	3,556,881	272,838,058	255,982,133
Non-interest bearing instruments	-	121,646,458	-	-	-	121,646,458	121,646,458
		290,729,619	58,934,775	55,197,997	14,070,599	418,932,990	399,982,386

30. Financial risk management (continued)

(e) Liquidity risk management (continued)

Liquidity risk tables (continued)

The following table details the Group's liquidity analysis for its derivative financial liabilities based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis.

	Less than 1 month AED	**1-3 months**	**3 months - 1 year**	**Between 2 to 5 years AED**	**Total AED**
31 March 2021					
Commodity forward contracts	**(12,230,372)**	**-**	**-**	**-**	**(12,230,372)**
Commodity swaps	**(20,364,054)**	**-**	**-**	**-**	**(20,364,054)**
	(32,594,426)	**-**	**-**	**-**	**(32,594,426)**

	Less than 1 month AED	1-3 Months	3 months - 1 year	Between 2 to 5 years AED	Total AED
31 March 2020					
Net settled:					
Commodity forward contracts	2,979,405	-	-	-	2,979,405
Commodity swaps	2,205,216	-	-	-	2,205,216
	5,184,621	-	-	-	5,184,621

30. Financial risk management (continued)

(e) Liquidity risk management (continued)

Liquidity risk tables (continued)

The following tables detail Group's expected maturity of its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Average interest rate %	Less than 1 month AED	1-3 months AED	3 months - 1 year AED	Between 2 to 5 years AED	Total AED	Carrying amount AED
31 March 2021							
Variable interest rate instruments	**0.15%**	**71,520,792**	**-**	**-**	**-**	**71,520,792**	**70,463,834**
Non-interest bearing instruments		**55,263,063**	**-**	**-**	**-**	**55,263,063**	**55,263,063**
		126,783,855	**-**	**-**	**-**	**126,783,855**	**125,726,897**
31 March 2020							
Variable interest rate instruments	0.15%	41,292,223	82,584,445	-	-	123,876,668	122,045,978
Non-interest bearing instruments		79,331,321	-	-	-	79,331,321	79,331,321
		120,623,544	82,584,445	-	-	203,207,989	201,377,299

30. Financial risk management (continued)

(e) Liquidity risk management (continued)

Liquidity risk tables (continued)

The following table details the Group's expected maturity for its derivative financial assets. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis.

	Less than 1 month AED	**1-3 months**	**3 months - 1 year**	**Between 2 to 5 years AED**	**Total AED**
31 March 2021					
Commodity forward contracts	**2,574,429**	**-**	**-**	**-**	**2,574,429**
Commodity swaps	**-**	**-**	**-**	**-**	**-**
	2,574,429	**-**	**-**	**-**	**2,574,429**

	Less than 1 month AED	1-3 months	3 months - 1 year	Between 2 to 5 years AED	Total AED
31 March 2020					
Net settled :					
Commodity forward contracts	791,136	-	-	-	791,136
Commodity swaps	42,089	-	-	-	42,089
	833,225	-	-	-	833,225

31. Capital risk management

The capital structure of the Group consists of cash and cash equivalents and equity comprising issued share capital, accumulated losses as disclosed in the consolidated statement of changes in equity, loan from a shareholder and related party loans. The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balances.

32. Non-cash transactions

	2021 **AED**	2020 AED
Gold loan availed and disbursed to a subsidiary	**-**	88,304,385
Deferred income charge for the year	**-**	159,943
Loyalty points redeemed/written back during the year	**-**	(160,309)
Shareholders' loan converted to share capital	**235,000,000**	-
Write-off of right-of-use assets	**23,102,186**	-
Write-off of lease liabilities	**3,429,155**	-

33. Prior period adjustments

In the current year management identified that finance costs related to "loan from shareholders" was not recorded for the year ended 31 March 2019 and 31 March 2020 amounting to AED 12,937,447 and AED 18,611,531 respectively which was required to be booked as per instructions received from the shareholder.

In accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*, the correction of the above referred errors resulted in a retrospective restatement of the comparative amounts as follows:

	As previously reported **AED**	**Adjustments** **AED**	**As restated** **AED**
Consolidated statement of financial position			
As at 1 April 2019			
Equity			
Loan from shareholders	198,259,771	12,937,447	211,197,218
Retained earnings	7,918,502	(12,937,447)	(5,018,945)
	206,178,273	-	206,178,273
Consolidated statement of profit or loss and other comprehensive income			
For the year ended 31 March 2020			
Finance costs	35,637,516	18,611,531	54,249,047
Profit for the year	6,908,514	(18,611,531)	(11,703,017)

33. Prior period adjustments (continued)

	As previously reported AED	Adjustments AED	As restated AED
Consolidated statement of financial position			
As at 31 March 2020			
Equity			
Loan from shareholders	209,672,373	31,548,978	241,221,351
Retained earnings	15,633,255	(31,548,978)	(15,915,723)
	225,305,628	-	225,305,628
Consolidated statement of cash flow			
For the year ended 31 March 2020			
Profit for the year before tax	7,619,840	(18,611,531)	(10,991,691)
Finance cost – borrowings	34,108,594	18,611,531	52,720,125
	41,728,434	-	41,728,434

34. Approval of the consolidated financial statements

The consolidated financial statements were approved by the management and authorised for issue on 18 July 2021.