

SATTRIX INFORMATION SECURITY DMCC

Dubai – United Arab Emirates

Financial Statements and

Independent Auditor's Report

For the year ended December 31, 2021

**Satrix Information Security DMCC
Dubai – United Arab Emirates**

**Financial Statements and Independent Auditor's Report
For the year ended December 31, 2021**

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Company Information: Satrix Information Security DMCC

Legal Status:

Free zone company with limited liability registered with Dubai Multi Commodities Centre Authority, Dubai, United Arab Emirates

Date of Incorporation:

September 20, 2018, license issued on September 27, 2018

Activities:

Cyber security consultancy, IT infrastructure, cyber risk management services, information technology consultants, education and training computer software and computer systems consultancies

Director:

Mr. Sachinbhai Kishorbhai Gajjar

Business Address:

Unit No. 305-021,
Jumeirah Bay 2,
Plot No. JLT-PH2-X2A,
Jumeirah Lake Towers,
P. O. Box: 625805,
Dubai, U.A.E.

Bank:

Mashreq Bank

Satrix Information Security DMCC
Dubai – United Arab Emirates

Director's Report

The Board of Directors has pleasure in presenting their report and the audited financial statements for the year ended December 31, 2021.

Business review:

The Company has achieved revenue of **AED 924,494/-** (P.Y: AED 868,164/-) with a gross margin of **AED 415,332/-** (P.Y: AED 378,644/-). The profit for the year is **AED 238,947/-** (P.Y: AED 230,919/-). Management is making all efforts and is confident of better performance for the upcoming financial year.

Change in shareholding:

On October 07, 2020, the sole shareholder has decided to transfer its entire holding to Mr. Sahil Shah, an Indian national. However, the Company is yet to start the legal procedures to transfer the shares with the Free Zone Authority.

Events after the reporting period:

There are no significant events after the reporting period.

Auditors:

The financial statements have been audited by Jaxa Chartered Accountants, who retire and, being eligible, offer themselves for reappointment.

Acknowledgements:

The Board of Directors would like to express their gratitude and appreciation to shareholder, bank, clients, business partners, regulatory and government authorities and staff whose continued support has been a source of great strength and encouragement.

For the Board of Directors

Sachin Gajjar



Sachinbhai Kishorbhai Gajjar
Director

May 26, 2022

Independent Auditor's Report

To The Shareholder of
Satrix Information Security DMCC
Dubai – United Arab Emirates

Opinion

We have audited the financial statements of **Satrix Information Security DMCC** (the “Company”), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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Independent Auditor's Report (continued)

Report on other legal and regulatory requirements

As required by the U.A.E. Federal Law No. 2 of 2015, we report that:

1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Law No. 2 of 2015;
3. the Company has maintained proper books of account and records of the Company are in agreement with it;
4. the Company has not purchased any shares or stocks during the financial year;
5. the financial information included in the *director's report* is consistent with the Company's books of account;
6. note 9 reflects the disclosures relating to related party transactions and the terms under which they were conducted;
7. based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during financial year ended December 31, 2021 any of the applicable provisions of the U.A.E. Federal Law No. 2 of 2015 or its Memorandum and Articles of Association and Dubai Multi Commodities Centre DMCC Company Regulations, 2020 and its amendments which would materially affect its activities or its financial position as at December 31, 2021.

Dubai

May 26, 2022

Ref: DXB/133/RT/322247

JAXA CHARTERED ACCOUNTANTS

Reg. No. 142



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Satrix Information Security DMCC
Dubai – United Arab Emirates

Statement of Financial Position as at December 31, 2021
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Assets			
Non-current assets			
Property and equipment	4	<u>6,733</u>	-
Total non-current assets		<u>6,733</u>	-
Current assets			
Accounts receivable	5	470,078	324,227
Other receivables	6	40,863	42,361
Cash and bank balances	7	<u>132,581</u>	<u>156,668</u>
Total current assets		<u>643,522</u>	<u>523,256</u>
Total assets		<u>650,255</u>	<u>523,256</u>
Equity and Liabilities			
Equity			
Share capital	1	50,000	50,000
Retained earnings		589,761	350,814
Shareholder's current account		<u>(50,000)</u>	<u>(50,000)</u>
Total equity		<u>589,761</u>	<u>350,814</u>
Non-current liabilities			
Provision for employees' end of service benefits	8	<u>20,623</u>	<u>10,849</u>
Total non-current liabilities		<u>20,623</u>	<u>10,849</u>
Current liabilities			
Due to related party	9	-	94,103
Other payables	10	<u>39,871</u>	<u>67,490</u>
Total current liabilities		<u>39,871</u>	<u>161,593</u>
Total liabilities		<u>60,494</u>	<u>172,442</u>
Total equity and liabilities		<u>650,255</u>	<u>523,256</u>

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

The report of the independent auditor is set forth on pages 3 to 5.

The financial statements on pages 6 to 24 were approved by the shareholder on May 26, 2022 and signed on its behalf by:

Sachinbhai Kishorbhai Gajjar
Director



Sachin Gajjar

Satrix Information Security DMCC
Dubai – United Arab Emirates

Statement of Comprehensive Income
For the year ended December 31, 2021
(In Arab Emirates Dirhams)

	Note	2021	2020
Revenue	11	924,494	868,164
Cost of revenue	12	(509,162)	(489,520)
Gross profit		415,332	378,644
General and administrative expenses	13	(174,615)	(147,725)
Depreciation	4	(1,770)	-
Profit for the year		238,947	230,919
Other comprehensive income		-	-
Total comprehensive income for the year		238,947	230,919

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

The report of the independent auditor is set forth on pages 3 to 5.

Sachinbhai Kishorbhai Gajjar
Director



Sachin Gajjar

Sattrix Information Security DMCC
Dubai – United Arab Emirates

Statement of Changes in Equity
For the year ended December 31, 2021
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Shareholder's current account</u>	<u>Total</u>
Balance as at December 31, 2019	50,000	119,895	-	169,895
Profit for the year	-	230,919	-	230,919
Net movements during the year	-	-	(50,000)	(50,000)
Balance as at December 31, 2020	50,000	350,814	(50,000)	350,814
Profit for the year	-	238,947	-	238,947
Balance as at December 31, 2021	<u>50,000</u>	<u>589,761</u>	<u>(50,000)</u>	<u>589,761</u>

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

The report of the independent auditor is set forth on pages 3 to 5.

Satrix Information Security DMCC
Dubai – United Arab Emirates

Statement of Cash Flows
For the year ended December 31, 2021
(In Arab Emirates Dirhams)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Profit for the year	238,947	230,919
<i>Adjustments for:</i>		
Depreciation	1,770	-
Provision for employees' end of service benefits	<u>9,774</u>	<u>10,849</u>
Operating cash flows before movements in working capital	250,491	241,768
Accounts receivable	(145,851)	(144,194)
Other receivables	1,498	1,703
Due to related party	(94,103)	(92,197)
Other payables	<u>(27,619)</u>	<u>(72,344)</u>
Net cash used in operating activities	<u>(15,584)</u>	<u>(65,264)</u>
 Cash flows from investing activities		
Acquisition of property and equipment	<u>(8,503)</u>	-
Net cash used in investing activities	<u>(8,503)</u>	-
 Cash flows from financing activities	<u>-</u>	<u>-</u>
 Net decrease in cash and cash equivalents	(24,087)	(65,264)
Cash and cash equivalents at the beginning of the year	<u>156,668</u>	<u>221,932</u>
Cash and cash equivalents at the end of the year	<u>132,581</u>	<u>156,668</u>

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

The report of the independent auditor is set forth on pages 3 to 5.

Satrix Information Security DMCC
Dubai – United Arab Emirates

Notes to the Financial Statements
For the year ended December 31, 2021

1. Legal status and operations

Satrix Information Security DMCC (the “Company”), a free zone company with limited liability, is registered with Dubai Multi Commodities Centre Authority, Dubai, United Arab Emirates under the license no: DMCC-552648 issued on September 27, 2018.

The registered address of the Company is Unit No. 305-021, Jumeirah Bay 2, Plot No. JLT-PH2-X2A, Jumeirah Lake Towers, P. O. Box: 625805, Dubai, United Arab Emirates.

Authorized, issued and fully paid up share capital of the Company is **AED 50,000/-** divided into 50 shares of AED 1,000/- each.

The details of the shareholder as at December 31, 2021 are as follows:

Sl. No.	Name	Nationality	Shares	Amount AED	%
1	M/s. Satrix Information Security Private Limited	India	50	50,000	100
	Total		50	50,000	100

On October 07, 2020, the sole shareholder has decided to transfer its entire holding to Mr. Sahil Shah, an Indian national. However, the Company is yet to start the legal procedures to transfer the shares with the Free Zone Authority.

Activities

The Company has a license for cyber security consultancy, IT infrastructure, cyber risk management services, information technology consultants, education and training computer software and computer systems consultancies.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board (IASB) and applicable provisions of U.A.E. laws.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These financial statements are presented in Arab Emirates Dirham (AED), which is the functional currency of the Company.

Notes to the Financial Statements (continued)
For the year ended December 31, 2021

2. Significant accounting policies (continued)

2.3 Revenue recognition

The Company recognizes revenue based on the five step model as set out in IFRS 15: *Revenue from Contracts with Customers*. Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognized when the Company transfers control over a product or service to a customer.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

All revenue is measured at the fair value of the consideration receivable, excluding discounts and rebates.

2.4 Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are converted into Arab Emirates Dirham at the rates of exchange prevailing at the end of the reporting period and gain or loss arising thereon was charged to profit or loss. 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 translated using the exchange rate as at the date of the initial transaction and are not subsequently restated.

2.5 Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and identified impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of property and equipment.

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

Depreciation is charged to the profit or loss on a straight line basis over the estimated remaining useful lives of property and equipment. The estimated useful lives are as follows:

Notes to the Financial Statements (continued)
For the year ended December 31, 2021

2. Significant accounting policies (continued)

2.5 Property and equipment (continued)

Office equipment : 4 years

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

2.6 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Leases

The Company has recognized right-of-use asset and related lease liability in connection with all operating leases except for those identified as low-value or having a lease term of less than 12 months as per IFRS 16: *Leases*.

The Company as a lessee

For any contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration”.

2. Significant accounting policies (continued)

2.7 Leases (continued)

Measurement and recognition of leases as a lessee

For each lease, the Company recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments payable, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Notes to the Financial Statements (continued)
For the year ended December 31, 2021

2. Significant accounting policies (continued)

2.8 Unbilled receivables

Unbilled receivables represent the gross unbilled amount expected to be collected from clients for the services provided to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditure related directly to specific assignments. If billings to customers exceed the income recognized, the difference is presented as billing in excess of valuation in the statement of financial position.

2.9 Financial assets

The Company has the following financial assets: ‘accounts receivable excluding unbilled receivables’, ‘other receivables excluding prepayments’ and ‘cash and bank balances’. The classification depends on the nature of the financial asset and is determined at the time of initial recognition.

Loans and receivables

Accounts receivable are carried at original invoice amount less allowance made for impairment of these receivables. An allowance for impairment of accounts receivable is established where there is objective evidence that the Company will not be able to collect all amounts due according to the terms of receivables.

Other receivables are stated at their nominal value. Allowance for impairment is made against loans and receivables when their recovery is in doubt. Loans and receivables are written off only when all possible courses of action to achieve recovery have proved unsuccessful.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balance with the bank in current accounts.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organization;
- the disappearance of an active market for that financial asset because of causes which are financial and non-financial.

Notes to the Financial Statements (continued)
For the year ended December 31, 2021

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial assets such as accounts receivable that are assessed as not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For the financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Satrix Information Security DMCC
Dubai – United Arab Emirates

Notes to the Financial Statements (continued)
For the year ended December 31, 2021

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

2.10 Equity instruments and financial liabilities

Equity instruments and financial liabilities of the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

Equity instruments

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

Financial liabilities

Financial liabilities consist of ‘provision for employees’ end of service benefits’, ‘due to related party’ and ‘other payables’. Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expenses recognized on an effective yield basis, except for the short-term payables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or has expired.

Notes to the Financial Statements (continued)
For the year ended December 31, 2021

2. Significant accounting policies (continued)

2.11 Provision for employees' end of service benefits

Provision for employees' end of service benefits is accounted as required by the U.A.E. Labour Law for accumulated period of service at the end of the reporting period and is disclosed as a non – current liability.

2.12 Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.13 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Company. These are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3. Critical accounting judgment and key sources of estimation uncertainty

Critical judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in note 2 to the financial statements, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt below):

Satisfaction of performance obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue as per IFRS 15: *Revenue from Contracts with Customers*. The Company has assessed that based on the contracts entered into with customers the Company does not create an asset with an alternative use to the Company and usually has an enforceable right to payment for performance completed to date. In these circumstances the Company recognizes revenue over time. Where this is not the case revenue is recognized at a point in time.

3. Critical accounting judgment and key sources of estimation uncertainty (continued)

Critical judgments in applying the Company's accounting policies (continued)

Leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

Employees' end of service benefits

The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the Labour Law and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Key estimates applied in preparing the financial statements

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 are discussed below:

Property and equipment

The cost of property and equipment is depreciated over the estimated useful life of the assets. The estimated life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

Impairment of financial assets

Management has estimated the recoverability of financial assets and has considered the impairment based on the current economic environment and past default history.

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Notes to the Financial Statements (continued)
For the year ended December 31, 2021

4. Property and equipment

	<u>Office equipment</u>	<u>Total</u>
Cost	<u>AED</u>	<u>AED</u>
As at December 31, 2020	-	-
Additions	<u>8,503</u>	<u>8,503</u>
As at December 31, 2021	<u>8,503</u>	<u>8,503</u>
Depreciation		
As at December 31, 2020	-	-
For the year	<u>1,770</u>	<u>1,770</u>
As at December 31, 2021	<u>1,770</u>	<u>1,770</u>
Net book value		
As at December 31, 2021	<u>6,733</u>	<u>6,733</u>
As at December 31, 2020	<u>-</u>	<u>-</u>

5. Accounts receivable

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Accounts receivable	321,342	285,666
Unbilled receivables	<u>148,736</u>	<u>38,561</u>
	<u>470,078</u>	<u>324,227</u>

Ageing of accounts receivable

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
0 to 30 days	248,638	32,569
31 to 90 days	56,834	253,097
180 to 365 days	74	-
Above 365 days	<u>15,796</u>	<u>-</u>
	<u>321,342</u>	<u>285,666</u>

Geographical analysis of accounts receivable

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Within United Arab Emirates	236,633	245,006
Outside United Arab Emirates	<u>84,709</u>	<u>40,660</u>
	<u>321,342</u>	<u>285,666</u>

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Notes to the Financial Statements (continued)
For the year ended December 31, 2021

5. Accounts receivable (continued)

In determining the recoverability of accounts receivable, the Company considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period. As at December 31, 2021 five customers comprised 100% of gross accounts receivable (December 31, 2020 one customer comprised 100%). Management believes that this concentration of credit risk is mitigated since the outstanding balances are due mainly from customers with whom there have been good relationships with a track record of regular payment.

6. Other receivables

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Prepayments	28,147	29,542
Deposits	11,279	12,819
Others	<u>1,437</u>	<u>-</u>
	<u>40,863</u>	<u>42,361</u>

7. Cash and bank balances

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Cash in hand	6,727	10,727
Bank balances: in current accounts	<u>125,854</u>	<u>145,941</u>
	<u>132,581</u>	<u>156,668</u>

8. Provision for employees' end of service benefits

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	10,849	-
Charged for the year	<u>9,774</u>	<u>10,849</u>
	<u>20,623</u>	<u>10,849</u>

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For the year ended December 31, 2021

9. Related party

The Company in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of related party as contained in International Accounting Standard No. 24: *Related Party Disclosures*. Related parties comprise the Company's shareholder, director and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel.

Due to related party at the end of the reporting period comprise of:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
M/s. Satrix Information Security Private Limited, India	-	94,103

During the year the Company entered into the following transactions with related party:

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Consultancy fees	161,590	71,614

10. Other payables

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Staff payables	27,000	50,000
VAT payable	9,121	13,740
Accrued expenses	3,750	3,750
	<u>39,871</u>	<u>67,490</u>

11. Revenue

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Service income	924,494	868,164

Geographical analysis of revenue

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Within United Arab Emirates	402,347	727,433
Outside United Arab Emirates	522,147	140,731
	<u>924,494</u>	<u>868,164</u>

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Notes to the Financial Statements (continued)
For the year ended December 31, 2021

12. Cost of revenue

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Employee cost	339,588	308,907
Consultancy fees	<u>169,574</u>	<u>180,613</u>
	<u>509,162</u>	<u>489,520</u>

13. General and administrative expenses

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Rent	20,880	16,644
Legal, license and professional fees	37,013	39,683
Travelling and conveyance	36,424	70,650
Bank charges	2,933	2,554
Advertisement and business promotion	-	13,900
Communication	-	1,050
Others	<u>77,365</u>	<u>3,244</u>
	<u>174,615</u>	<u>147,725</u>

14. Contingent liabilities and commitments

Except the ongoing business commitments, which are in the normal course of business, there has been no known contingent liability or capital commitments on the Company as at the end of the reporting period.

15. Financial instruments

Fair value

The fair value of the Company's financial instruments is not materially different from their carrying amounts in the statement of financial position.

Risk management

The main risks arising from the Company's financial instruments are credit risk, currency risk, interest rate risk and liquidity risk.

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Notes to the Financial Statements (continued)
For the year ended December 31, 2021

15. Financial instruments (continued)

Risk management (continued)

a) Credit risk

The Company's exposure to credit risk at the end of the reporting period is indicated by the carrying amounts of its financial assets, net of any applicable allowance for losses. The Company is exposed to credit risk on its financial assets as follows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Accounts receivable (excluding unbilled receivables)	321,342	285,666
Deposits	11,279	12,819
Advances	1,437	-
Bank balances	<u>125,854</u>	<u>145,941</u>

The Company usually undertakes transactions with reputable customers and has established credit limits for its customers on periodic reviews it carries out for this purpose. The Company provides an allowance for impairment at the end of each reporting period that represents its estimate of incurred losses in respect of accounts receivable. Deposits and advances are held with reputable parties.

The credit risk on the bank balances is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies.

b) Currency risk

The Company's currency risk relates to the exposure to the fluctuations in the foreign currency rates. There is no significant impact on the USD as the AED is pegged to the USD. As at the end of the reporting period, the Company's foreign currency risk comprises of the following:

	<u>Amount in</u>		<u>Amount in</u>	
	<u>Foreign currency</u>		<u>Functional currency</u>	
Due to related party	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Currency				
INR	<u>-</u>	<u>1,871,500</u>	<u>-</u>	<u>94,103</u>

A 10% increase in functional currency rates to the foreign currency can result in an exchange loss of Nil as at December 31, 2021 (December 31, 2020: AED 9,410/-) and a 10% decrease can result in an exchange gain of Nil as at December 31, 2021 (December 31, 2020: AED 9,410/-).

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Notes to the Financial Statements (continued)
For the year ended December 31, 2021

15. Financial instruments (continued)

Risk management (continued)

c) Interest rate risk

The Company does not have any interest bearing assets and liabilities as at the end of the reporting period and hence the Company is not exposed to any interest rate risk as at the end of the reporting period.

d) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its short term financial liabilities at maturity date.

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent to ensure funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Company's remaining contractual maturity for its short term financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>AED</u>	<u>AED</u>
Due to related party	-	94,103
Other payables	<u>39,871</u>	<u>67,490</u>

16. Comparative figures

Certain amounts for the previous year were reclassified to conform to current year presentation.



Sachin Gajjar

Sachinbhai Kishorbhai Gajjar
Director