Evosys Kuwait to Design & processing of Electronic Computer Centers W.L.L - Kuwait

Independent Auditor's Report
and Financial Statements
For the period from 01 March 2020 to 31 March 2020

MAZARS
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Evosys Kuwait to Design & processing of
Electronic Computer Centers
W.L.L - Kuwait

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INDEPENDENT AUDITOR'S REPORT

The Partners
Evosys Kuwait to Design & processing of Electronic Computer Centers W.L.L
Kuwait

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Evosys Kuwait to Design & processing of Electronic Computer Centers W.L.L** - Kuwait (the "Company"), which comprise the statement of financial position as at 31 March 2020, and the statements of comprehensive income, changes in equity and cash flows for the period from 01 March 2020 to 31 March 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2020, and its financial performance and its cash flows for the period from 01 March 2020 to 31 March 2020 in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (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.

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Auditor's Responsibilities for the Audit of the Financial Statement

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with management regarding, 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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Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company during the period. We further report that we have obtained all the information and explanations that we required for the purpose of our audit and the financial statements include the information required by the Companies Law of No. 1 of 2016, and the its executive regulations and the Company's Memorandum and Articles of Association, and an inventory was carried out in accordance with recognized procedures. To the best of our knowledge and belief, no violations have occurred during the period from 01 March 2020 to 31 March 2020 of the Companies Law No. 01 of 2016, executive regulation, Also no violations of the Memorandum and Articles of Association of the Company have occurred during the period that might have had a material effect on the business of the Company or on its financial position.

Hend Abdullah Al Surayea
License no. 141 A
Kuwait, 12 June 2020

MAZARS مـــزارز
Hend Abdullah Al Surayea & Co. هند عبدالله السريع وشركاها
محاسبون قانونيون
CHARTERED ACCOUNTANTS

Evosys Kuwait to Design & processing of
Electronic Computer Centers
W.L.L - Kuwait
Statement of Financial Position as at 31 March 2020

	Notes	31 March 2020 KD	31 March 2019 KD
ASSETS			
Non-current assets			
Property and equipment	4	232	41
Total non-current assets		232	41
Current assets			
Trade and other receivables	5	93,321	97,262
Cash and cash equivalents	6	11,471	40,400
Total current assets		104,792	137,662
Total assets		105,024	137,703
EQUITY AND LIABILITIES			
Capital & reserves			
Share capital	7	20,000	20,000
Statutory reserve	8	817	817
Retained losses		(34,983)	(41,702)
Total equity		(14,166)	(20,885)
Non-current liabilities			
Employees end of service benefits	10	3,079	2,212
Total non-current liabilities		3,079	2,212
Current liabilities			
Trade and other payables	11	116,111	156,376
Total current liabilities		116,111	156,376
Total equity & liabilities		105,024	137,703

The accompanying notes are an integral part of these financial statements

Evosys Kuwait to Design & processing of
Electronic Computer Centers
W.L.L - Kuwait
Statement of Comprehensive Income for the period from 01 March 2020 to 31 March 2020

	Note	01 March 2020 to 31 March 2020 KD	01 April 2018 to 31 March 2019 KD
Revenues		13,285	184,872
Cost of operations		(3,024)	(153,231)
Gross profit		10,261	31,641
General and administrative expenses	12	(1,443)	(26,007)
Depreciation of property and equipment		(9)	(102)
Exchange Loss foreign currencies		-	(77)
Profit for the period/year		8,809	5,455
Other comprehensive income		-	-
Total comprehensive profit for the period/year		8,809	5,455

The accompanying notes are an integral part of these financial statements

Evosys Kuwait to Design & processing of
Electronic Computer Centers
W.L.L - Kuwait
Statement of Changes in Equity for the period from 01 March 2020 to 31 March 2020

	Share capital KD	Statutory reserve KD	Retained losses KD	Total KD
Balance at 1 April 2018	20,000	817	(47,157)	(26,340)
Total comprehensive profit for the year	-	-	5,455	5,455
Balance at 31 March 2019	20,000	817	(41,702)	(20,885)
Total comprehensive loss for the period *(01 April 2019 to 29 February 2020)*	-	-	(2,090)	(2,090)
Balance at 29 February 2020	20,000	817	(43,792)	(22,975)
Total comprehensive profit for the Period	-	-	8,809	8,809
Balance at 31 March 2020	**20,000**	**817**	**(34,983)**	**(14,166)**

The accompanying notes are an integral part of these financial statements

Evosys Kuwait to Design & processing of
Electronic Computer Centers
W.L.L - Kuwait
Statement of Cash Flows for the period from 01 March 2020 to 31 March 2020

	Note	01 March 2020 to 31 March 2020 KD	01 April 2018 to 31 March 2019 KD
Cash flows from operating activities			
Profit for the period/year		**8,809**	5,455
Adjustments for:			
Depreciation of property and equipment		**9**	102
Provision for employees' end of service benefits		**73**	865
Operating profit before changes in working capital		**8,891**	6,422
Changes in working capital			
Trade and other receivables		**(9,760)**	27,841
Trade and other payables		**882**	(17,006)
Net cash from operating activities		**13**	17,257
Net increase in cash and cash equivalents		**13**	17,257
Cash and cash equivalents at the beginning of the period/year		**11,458**	23,143
Cash and cash equivalents at the end of the period/year	6	**11,471**	40,400

The accompanying notes are an integral part of these financial statements

1) Incorporation and activities

Evosys Kuwait to Design & processing of Electronic Computer Centers - W.L.L. - Kuwait, (the "Company") is a Company with Limited Liability was registered according to the article of association No. 293, dated on 18 February 2013 and subsequently amended article of association No. 4141, dated on 08 November 2017, a partner was left, a new partner entered. The commercial registration number is 346026 dated on 18 February 2013.
The primary activities of the Company are to engage in business of design and processing of electronic computer Center.

The registered address of the Company is Office 15, Building. 59, Block no 6, Second floor, Al-Qibla, Kuwait.
The financial statements of the company for the period from 01 March 2020 to 31 March 2020 were authorized for issue on 12 June 2020 by the company's partners'.

2) Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards, and applicable requirements of Companies Law of No. 1 of 2016, and the executive regulations. The financial statements have been prepared under the historical cost convention. The significant accounting policies adopted in the preparation of the financial statements are set out below:

2.1) Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards, ("IFRS"), issued by the International Accounting Standards Board ("IASB"). The financial statements are prepared under the historical cost convention, and have been presented in Kuwaiti Dinars.

The Audit financial statements is intended solely for the internal use of the company in connection with the audit of the consolidated special purpose financial statements of a Group of Companies and should not be used for any other purpose.

2.2) Adoption of new and revised International Financial Reporting Standards, Amendments and Interpretations:

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year, except for the adoption of the new standards and interpretations effective as of 1 January 2019. Although these new standards and amendments applied for the first time in 2019, that did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

a) Standards, amendments and interpretations effective in 2019

The Company had to change its accounting policies as a result of adopting IFRS 16. The company elected to adopt the new rules retrospectively but recognized the cumulative effect of initially applying the new standard on January 1, 2019.

b) Standards, amendments and interpretations effective in 2019 but not relevant for the Company's operations or require change in Company's accounting

The following standards, amendments and interpretations have been issued and are effective for the year but are either not relevant to the operations of the Company or require accounting which is consistent with Company's current accounting policies.

Continued: Adoption of new and revised International Financial Reporting Standards, Amendments and Interpretations:

* Amendments to IFRS 9 in respect of Prepayment features with negative compensation.
* Amendments to IAS 28 in respect of Long-term interests in Associates and Joint Ventures.
* Amendments to IAS-19 in respect of Plan amendment, curtailment or settlement.
* IFRIC 23 Uncertainty over income tax treatments.
* Annual improvements to IFRS Standards 2015-2017 Cycle.

c) Standards, amendments and interpretations issued but are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the Company:

* IFRS 17 Insurance Contracts, effective January 1, 2021.
* Amendments to references to conceptual framework in IFRS Standards.
* Amendments to IFRS 3 in respect of Definition of Business
* Amendments to IAS 1 and IAS 8 in respect Definition of Material

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Company's financial year beginning on January 1, 2019 that would be expected to have a material impact on the financial statements of the Company.

2.3) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. The carrying amounts are reviewed at each financial statement date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts assets are written down to their recoverable amount.

Depreciation is charged on the straight line method, at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives as follow :

	Years
Computer and accessories	3
Office equipment	6.66

The gain or loss arising on the disposal or retirement of an asset is determined as a difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

Repairs and renewals are charged to the statements of comprehensive income when the expenditure is incurred.

2.4) Financial instruments

Classification

The company classifies financial assets upon initial recognition into the following categories:

* Loans and receivables
* Non-trading financial liabilities

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The company's loans and receivables are classified under "trade and other receivables", "cash and cash equivalents" and "due from related party" in the statement of financial position.

Financial liabilities are classified under non-trading financial liabilities. Non-trading financial liabilities for company's are classified under "trade and other payables".

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of these financial instruments at initial recognition.

Measurement

Loans and receivables

Loans and receivables are stated at amortised cost using the effective interest method.

Financial liabilities

Non-trading financial liabilities are stated at amortised cost using the effective interest method.

Fair values

The fair value represents the amount that can be replaced by an asset or paid by liabilities between the parties with the knowledge and desire to deal on an equal basis, and the concept is implicit in the definition of fair value assuming the continuity of the company's business and there was no intention or need to liquidate or reduce their operations or unusual transactions to take inappropriate conditions.

Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place concerned.

Recognition and derecognition of financial assets and liabilities

A financial asset or a financial liability is recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either

(a) the company has transferred substantially all the risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuation : Recognition and derecognition of financial assets and liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.5) Impairment of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, an impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

* For assets carried at fair value, impairment is the difference between cost and fair value;
* For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
* For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised. Except for reversal of impairment losses related to equity instruments classified as available for sale, all other impairment reversals are recognised in the statement of comprehensive income to the extent the carrying value of the asset does not exceed its amortised cost at the reversal date. Impairment reversals in respect of equity instruments classified as available for sale are recognised in the cumulative changes in fair value reserve.

2.6) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and then its recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount by recognising impairment loss in the statement of comprehensive income. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

In determining fair value less costs to sell an appropriate valuation model is used. These calculations are corroborated by available fair value indicators. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

2.7) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) resulting from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

2.8) Provision for end of service indemnity

Provision is made for staff indemnity which is payable on completion of employment. The provision is calculated in accordance with Kuwait Labour Law based on employees' salaries and accumulated periods of service or on the basis of employment contracts, where such contracts provide extra benefits. The provision, which is unfunded, is determined as the liability that would arise as a result of the involuntary termination of staff at the statement of financial position date.

2.9) Revenue recognition

Effective 1 April 2018, the company adopted new accounting standard IFRS 15 Revenue from Contracts with Customers- related to the recognition of revenues under the modified retrospective method, however, comparative period amounts are not adjusted and continued to be reported in accordance with previous year's accounting policies, except where indicated otherwise. This method was applied to contracts that were not completed as the date of initial application. Due to the nature of the contracts and identification of unit of accounting i.e. performance obligation being consistent with prior year's revenue recognition policy, the adoption impact related to the new standard was not material.

Practical expedients applied-

Considering the nature of contracts, Group has applied the following practical expedients-

The company assesses the timing of the transfer of services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, Group do not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less.

The company has applied exemption from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less and contracts for which Group recognize revenues based on the right to invoice for services performed typically time and material contracts.

The company derives revenue primarily from Information Technology services which includes IT Outsourcing services, support and maintenance services. The company recognizes revenue on transfer of control of deliverables (solutions and services) to its customers in an amount reflecting the consideration to which the Company expects to be entitled. To recognize revenues, company apply the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

Continuation : Revenue recognition

IT support and maintenance-

Contracts related to maintenance and support services are either fixed price or time and material. In these contracts, the performance obligations are satisfied, and revenues are recognized, over time as the services are provided. Revenue from maintenance contracts is recognized ratably over the period of the contract because the company transfers the control evenly by providing stand-ready services.

The term of the maintenance contract is usually one year. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized ratably over the term.

Trade Receivable, net is primarily comprised of billed and unbilled receivables (i.e. only the passage of time is required before payment is due) for which we have an unconditional right to consideration, net of an allowance for doubtful accounts. A contract asset is a right to consideration that is conditional upon factors other than the passage of time
Contract assets are presented in "Other current assets" in the financial statements and primarily relate to unbilled amounts on fixed-price contracts utilizing the cost to cost method (POCM) of revenue recognition.

2.10) Cash and cash equivalents

Cash and bank balances comprise cash at bank and in hand and short-term bank deposits with an original maturity of three months or less.

2.11) Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

2.12) Fiduciary assets

Assets held in trust or fiduciary capacity are not treated as assets of the company and, accordingly, are not included in the financial statements.

2.13) Foreign currency translation

Functional and presentation currency

The financial statements are presented in Kuwaiti Dinar, which is the company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

3) Critical accounting judgment and key sources of estimation uncertainty

In application of the company accounting policies, which are described in note 2, the management is required to make judgments, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimate and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimate. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas where various assumptions and estimates are significant to the company financial statements are classification and valuation of inventories and trade receivables, determination and measurement of useful life and residual value of property and equipment.

Judgments

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

Useful lives of property, plant and equipment

The company's management determines the useful lives and related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Trade receivables

The company reviews regularly the receivables balance and recognize any impairment in value in the statement of comprehensive income. The management is required to use judgment in recognizing the value and expected cash flows when providing provision for doubtful debts. These judgments are based on various assumptions.

4) Property, plant and equipment

	Computer and accessories KD	Office equipment KD	Total KD
Cost			
At 1 April 2019	354	98	452
Additions during the period	256	-	256
At 29 February 2020	610	98	708
At 31 March 2020	**610**	**98**	**708**
Accumulated depreciation			
At 1 April 2019	354	57	411
Depreciation for the period	43	13	56
At 29 February 2020	**397**	**70**	**467**
Depreciation for the period	**9**	-	9
At 31 March 2020	**406**	**70**	**476**
Net book value			
At 31 March 2020	**213**	**28**	**232**
At 31 March 2019	-	41	41

5) Trade and other receivables

	31 March 2020 KD	31 March 2019 KD
Trade receivable	92,467	78,000
Provision for doubtful debts	(19,283)	-
	73,184	78,000
Retention receivable	20,137	18,912
Other debt balances	-	350
	93,321	97,262

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Management believes that there is no further credit provision required in excess of the provision for doubtful debts.

6) Cash and cash equivalents

	31 March 2020 KD	31 March 2019 KD
Cash at bank	11,430	39,534
Cash in hand	41	866
	11,471	40,400

7) Share capital

The capital of the company is KD 20,000 divided into 100 shares of KD 200 each distributed among the partners as follows:

	No. of shares	Value of share KD
Evolutionary System Arabia FZ L.L.C	49	9,800
Aeon Gulf general trading & contracting co . W.L.L.	51	10,200
	100	20,000

8) Statutory reserve:

In accordance with the Companies Law and the Company's articles of association, 10% of the net profit of each year is to be retained as statutory reserve. Once the balance of this reserve equals 50% of the capital, the Company has the right to discontinue such transfers. Distribution of this reserve is limited to cases stated by the law and the Company's articles of association.

9) Voluntary reserve

In accordance with the company's Articles of Association, 10% of the net profit for the year, is required to be transferred to the voluntary reserve. Such annual transfers can be discontinued by a resolution of the partners. There are no restrictions on the distribution of this reserve.

10) Provision for employees' end of service benefits

	31 March 2020 KD	31 March 2019 KD
At 01 March/ 01 April	3,006	1,347
Provision during the period/year	73	865
At 31 March	3,079	2,212

11) Trade and other payables

	31 March 2020 KD	31 March 2019 KD
Trade payables	-	16,610
Due to related party (Note no.13)	111,797	137,016
Other credit balances	4,314	2,750
	116,111	156,376

12) General and administrative expenses

	From 01 Mar 2020 To 31 Mar 2020 2020 KD	From 01 Apr 2018 To 31 Mar 2019 2019 KD
Rent	290	13,880
Transport Expenses	167	4,135
Professional Charges	-	2,680
Visa Expenses	-	3,972
Bank Charges	-	23
Insurance	-	195
Tax expenses	875	338
Miscellaneous expenses	111	784
	1,443	26,007

13) Related parties transactions

The Company, in the normal course of business, carries out transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard 24. The Company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

Related parties include shareholders, directors and businesses which the shareholders controls or over which they exercise a significant influence.

Transactions entered into with related parties during the year were as follows:

Balances in statement of financial position

	31 March 2020 KD	31 March 2019 KD
Due to related party		
Related Parties	111,797	137,016
	111,797	137,016

14) Capital management objectives

The company's capital management objectives are to ensure that the company maintains a strong credit rating and healthy ratios in order to support its business and maximize partner value.

The company manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to partners, buy back treasury shares, issue new shares or sell assets to reduce debt.

15) Risk Management

Risk is inherent in the company's activities but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. The company is exposed to credit risk, liquidity risk and market risk.

The company's risk management is carried out by the management and focuses on a actively securing the company's short to medium term cash flows by minimizing the potential adverse effects on the company's performance through internal risk reports which analyze by degree and magnitude of risks. Long term financial investments are managed to generate lasting returns.

15.1) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company credit policy and exposure to credit risk is monitored on an ongoing basis. The company seeks to avoid undue concentrations of risks with individuals or company's of customers in specific locations or business through diversification of its activities.

The company's exposure to credit risk is limited to the carrying amounts of financial assets recognized at the reporting date, as summarized below:

	31 March 2020 KD	31 March 2019 KD
Cash at bank	**11,430**	39,534
Trade and other receivables	**93,321**	97,262
	104,751	136,796

None of the above financial assets are past due nor impaired. The company continuously monitors defaults of customers and other counterparties, identified either individually or by company, and incorporate this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties. The company's management considers that all the above financial assets that are neither past due nor impaired for each of the reporting dates under review are of good credit quality.

None of company's financial assets are secured by collateral or other credit enhancements. The credit risk for bank balances and cash is considered negligible, since the counterparties are reputable banks and financial institution with high credit quality.

15.2) Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in the market variables such as interest rates, foreign exchange rate, and equity price, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocation across various asset categories, diversification of assets, a continuous appraisal of market conditions and trends and the management estimate of long term and short term changes in fair value.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company exposures to foreign currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The company is not exposed to significant interest rate risk.

15.3) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its liabilities when they fall due. To limit this risk, the management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.

The contractual maturity profile of the financial liabilities based on undiscounted cash flows are below:

At 31 March 2020

	Up to 3 Months KD	3 - 12 Months KD	Total KD
Trade and other credit balances	**15,373**	**100,738**	**116,111**
	15,373	**100,738**	**116,111**

At 31 March 2019

	Up to 3 Months KD	3 - 12 Months KD	Total KD
Trade and other credit balances	105,524	50,852	156,376
	105,524	50,852	156,376

16) Fair value summary of financial assets and liabilities by category

The carrying amounts of the company's financial assets and liabilities as stated in the statement of financial position may also be categorized as follows:

	31 March 2020 KD	31 March 2019 KD
Loans and receivables:		
Cash and cash equivalents	**11,471**	40,400
Trade and other receivables	**93,321**	97,262
	104,792	137,662
Other financial liabilities:		
Trade and other payables	**116,111**	156,376
	116,111	156,376

Fair value represents amounts at which an asset could be exchanged or a liability settled on an arm's length basis. In the opinion of the company's management the carrying amounts of financial assets and liabilities as at 31 March 2020 and 31 March 2019 approximate their fair values.