

MASTEK SYSTEMS BAHRAIN WLL

Financial Statements

For The Year Ended 31 March 2023

MASTEK SYSTEMS BAHRAIN WLL
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note no.	BD	BD
		As at 31 March 2023	As at 31 March 2022
ASSETS			
Current assets			
Trade and other receivables	3	1,07,868	1,24,923
Contract assets		1,15,665	3,10,525
Cash and cash equivalents	4	1,38,686	1,29,755
Total assets		3,62,219	5,65,203
EQUITY AND LIABILITIES			
Equity			
Share capital	8	50,000	50,000
Statutory reserve	9	25,000	25,000
Retained earnings		2,28,176	2,58,918
		3,03,176	3,33,918
Liabilities			
Non-current liabilities			
Employees' terminal benefits	6	8,957	14,174
		8,957	14,174
Current liabilities			
Trade and other payables	5	24,400	47,328
Amounts due to related parties	7	13,777	1,47,634
Contract liabilities		11,909	22,149
		50,086	2,17,111
Total liabilities		59,043	2,31,285
Total equity and liabilities		3,62,219	5,65,203

The financial statements were approved and signed by the Directors on

Manish Nahata
(Authorised signatory)

Arun Agarwal
(Authorised signator)

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

MASTEK SYSTEMS BAHRAIN WLL

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note no.	BD	BD
		Year ended 31 March 2023	Year ended 31 March 2022
Income			
Operating income		4,64,725	7,08,066
Cost of operations	10	(4,35,137)	(6,89,802)
Gross profit		29,588	18,264
Other income		-	-
		29,588	18,264
Expenses			
General and administration expenses	11	66,932	47,044
Total expenses		66,932	47,044
Loss for the year		(37,344)	(28,780)
other comprehensive income			
Remeasurement gain		6,602	-
(Loss)/profit for the year		(30,742)	(28,780)

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MASTEK SYSTEMS BAHRAIN WLL
STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

	Share capital	Legal reserve	Retained earnings	In BD Total
At 1 April 2021	50,000	25,000	2,87,698	3,62,698
Loss for the year	-	-	(28,780)	(28,780)
At 31 March 2022	50,000	25,000	2,58,918	3,33,918
At 1 April 2022	50,000	25,000	2,58,918	3,33,918
Loss for the year	-	-	(30,742)	(30,742)
Balance as at 31 March 2023	50,000	25,000	2,28,176	3,03,176

The financial statements were approved and signed by the Directors on

Manish Nahata
(Authorised signatory)

Arun Agarwal
(Authorised signatory)

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MASTEK SYSTEMS BAHRAIN WLL
STATEMENT OF CASH FLOW AS AT 31 MARCH 2023

	BD	BD
	Year ended	Year ended
	31 March 2023	31 March 2022
Operating activities		
(Loss)/profit for the year	(37,344)	(28,780)
Adjustments for:		
Remeasurement gain	6,602	-
Provision for employees' terminal benefits	(5,217)	14,174
Operating (loss)/profit before working capital changes	(35,959)	(14,606)
Changes in operating assets and liabilities:		
Changes in trade and other receivables	17,055	(46,341)
Changes in contract assets	1,94,860	(1,25,560)
Changes in trade and other payables	(22,928)	36,126
Changes in amounts due to related parties	(1,33,857)	1,33,990
Changes in contract liabilities	(10,240)	(16,583)
Net cash (used in)/from operating activities	8,931	(32,975)
Net change in cash & cash equivalents	8,931	(32,975)
Cash and cash equivalents, beginning of year	1,29,755	1,62,730
Cash and cash equivalents at the end of the year	1,38,685	1,29,755

Comprises:

Cash in hand	193	1,796
Bank balances	1,38,493	1,27,959
	1,38,686	1,29,756

The accompanying notes form an integral part of these financial statements

On ____ 2023, the Board of Directors of Evolutionary Systems Bahrain S.P.C. approved these financial statements

Manish Nahata
(Authorised signatory)

Arun Agarwal
(Authorised signatory)

MASTEK SYSTEMS BAHRAIN WLL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Amount in BD unless otherwise stated)

3 Trade and other receivables	BD	
	2023	2022
Financial assets		
Trade receivables	1,41,028	1,23,386
Provision for doubtful debts	(37,620)	(6,167)
	1,03,408	1,17,218
Tender guarantee deposit	4,460	6,960
Other receivables	-	744
	1,07,868	1,24,923

All amounts are short term. The net carrying value of accounts and other receivables is considered to be a reasonable approximation of fair value.

4 Cash and cash equivalents	BD	
	2023	2022
Cash in hand	193	1,796
Bank balances	1,38,493	1,27,959
	1,38,686	1,29,755

5 Trade and other payables	BD	
	2023	2022
Accrued expenses	8,960	34,052
Trade payable	7,682	45
Other payables	7,758	13,232
	24,400	47,328

The carrying value of accounts payable is considered to be a reasonable approximate of fair value at the financial position date.

6 Employees' terminal benefits

The movement in leaving indemnity liability applicable to expatriate employees is as follows:

	BD	
	2023	2022
Amounts provided for the year and at 31 December	8,957	14,174

7 Related party transactions

The Company's related parties include its Parent company, Directors, their close relatives and businesses under their control. The Company's transactions with related parties are in the ordinary course of business.

7.1 Related party balances:

Amount due to related parties

Name of related parties	Nature of relationship	2023	2022
Evolutionary Systems Consultancy LLC	Other related party	63,260	1,47,634
Mastek Arabia FZ LLC	Parent	2,11,985	-
		2,75,245	1,47,634

Amounts due to related parties are unsecured, bear no interest and have no fixed repayment terms.

7.2 Related party transactions:

Name of related parties	Nature of relationship	Nature of transactions	2023	2022
Evolutionary Systems Consultancy LLC	Other related party	Professional Services	3,538	-
Mastek Arabia FZ LLC	Parent	Taken	10,239	3,47,228
Consultancy LLC			-	2,677

MASTEK SYSTEMS BAHRAIN WLL**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Amount in BD unless otherwise stated)

8 Share capital

The share capital of the Company consists of 500 shares of BD 100 each, authorized, issued and fully paid up.

		BD	BD
	Number of shares	%	Amount
Mastek Arabia FZ L.L.C.	500	100	50,000

9 Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's profit for the year before appropriations is required to be transferred to a non-distributable reserve account up to a minimum of 50% of the issued share capital. The Company decided to discontinue such transfer since the reserve has already reached 50% of the paid-up capital.

10 Cost of operations

	2023	2022
Staff cost	1,34,558	1,10,454
Professional services	2,94,797	5,65,174
Gratuity costs	3,595	14,174
Allowance	1,475	-
Commission	712	-
	4,35,137	6,89,802

11 General and administration expenses

	2023	2022
Rent	10,925	8,213
Immigration and visa	4,412	7,395
Legal and professional charges	7,180	7,996
Bank charges	1,157	822
Bad debts	31,452	6,167
Travelling and conveyance	5,562	13,817
Electricity	465	855
Miscellaneous expenses	5,779	1,779
	66,932	47,044

12 Financial assets and liabilities and risk management

The Company's principal financial instruments comprise of cash and cash equivalents, trade and other receivables and trade and other payables. The Company does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The main risks arising from the Company's financial instruments are interest rate cash flow risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors approve policies for managing each of these risks, which are summarized below.

a. Interest rate risk

The Company's policy is to minimize interest rate risk exposures on financial instruments. The Company is not exposed to the risk for changes in market interest rates since the Company has no interest-bearing financial assets and financial liabilities.

b. Liquidity risk

Liquidity risk is the risk arising from the Company not being able to meet its obligations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank balances.

The following table shows the maturity profile of financial liabilities as at 31 March 2023 BD

Particulars	Due within 1 year
Trade and other payables	<u>24,400</u>

The following table shows the maturity profile of financial liabilities as at 31 March 2022:

Particulars	Due within 1 year
Trade and other payables	<u>47,328</u>

MASTEK SYSTEMS BAHRAIN WLL**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Amount in BD unless otherwise stated)

c. Foreign currency risk

The Company's primary exposure to the risk in changes in foreign currency relates to the transactional currency exposures. Such exposure arises when the transaction is denominated in currencies other than the functional currency of the operating unit or the counterparty. The currency risk on foreign currencies is actively monitored by the Management. The Company's transactions are predominantly in Bahrain Dinars.

d. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including bank balances and trade and other receivables.

The table below shows the gross maximum exposure to the Company's credit risk, without considering the effects of collateral and credit enhancements as at 31 March:

	2023	2022
Trade and other receivables	1,07,868	1,24,923
Bank balances	1,38,493	1,27,959
Total	2,46,361	2,52,882

Credit risk management

The credit risk is managed on a group basis based on the Company's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed by dealing with major reputable financial institutions.

The Company policy is to deal only with recognized, creditworthy counterparties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. A regular annual review and evaluation of these accounts are carried out to assess the credit standing of the customers.

Trade receivables

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers

The expected loss rates are based on the payment profile for sales over the past 12 months before 31 March 2023 and 31 March 2022 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. During the year, no provision has been made for expected credit losses as the impact of the provision is not deemed to be material by the management. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery. The management has not made any allowance for expected credit losses since the amounts are not material to the financial statements.

Security

Trade receivables consist of a large number of customers in various industries. The Company does not hold any security on the trade receivable balances except for new customers where post-dated cheques are obtained.

13 Capital management policies and procedures

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize equity value.

Equity comprises share capital, statutory reserve and retained earnings and is measured at BD303,176 as at 31 March 2023 (2022:BD333,918)

14 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

15 Comparative figures

Comparative figures for the previous year have been reclassified/re-arranged wherever necessary to conform with the presentation in the current year's