Pajson Global DMCC
(Formerly known as Pajson Trading DMCC)

Separate Financial Statements
For the year ended December 31, 2021

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Separate financial statements
For the year ended December 31, 2021

Table of contents

Grant Thornton

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Independent Auditor's Report
To the Shareholder of Pajson Global DMCC

Report on the audit of the separate financial statements

Opinion

We have audited the accompanying separate financial statements of Pajson Global DMCC ("the Company") (formerly known as Pajson Trading DMCC), which comprise the separate statement of financial position as at December 31, 2021, separate statement of profit or loss and other comprehensive income, separate statement of changes in equity, a separate statement of cash flows for the year ended December 31, 2021, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate 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 (IFRS).

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 *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants* ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Company's separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with IFRS and Dubai Multi Commodities Centre Authority Company Regulations 2020 ("DMCCA"), and for such internal control as management determine is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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
To the Shareholder of Pajson Global DMCC (continued)

Report on the audit of the separate financial statements (continued)

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are 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 separate financial statements, including the disclosures, and whether the separate 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.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the separate financial statements of the Company have been properly prepared, in all material respects, in accordance with the applicable provisions of the Dubai Multi Commodities Centre Authority Company Regulations 2020, and the Memorandum of Association of the Company. As required by Dubai Multi Commodities Centre Authority Company Regulations 2020, we also confirm that, based on the information that has been made available to us during our audit of the separate financial statements of the Company for the year ended December 31, 2021, nothing has come to our attention that causes us to believe that the activities undertaken by the Company and as disclosed in Note 1 to these separate financial statements, are not significantly different from the activities mentioned in the license issued to the Company by the DMCC Authority.

Grant Thornton

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON
Farouk Mohamed
Registration No. 86
Dubai, United Arab Emirates
June 30, 2022

Statement of financial position
As at December 31, 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current assets			
Property and equipment	5	**599,076**	718,779
Investment in subsidiaries	6	**1,686,700**	1,356,342
		2,285,776	2,075,121
Current assets			
Trade and other receivables	7	**182,584,715**	179,012,826
Due from related parties	8	**73,149,641**	118,062,170
Loan due from related parties	8	**314,440,909**	182,071,703
Cash and bank balances	9	**59,491,390**	14,660,098
		629,666,655	493,806,797
TOTAL ASSETS		**631,952,431**	495,881,918
EQUITY			
Share capital	10	**3,900,000**	3,900,000
Retained earnings		**533,271,348**	447,565,313
Total equity		**537,171,348**	451,465,313
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	11	**604,131**	460,205
Current liabilities			
Trade and other payables	12	**24,250,030**	7,726,927
Due to related parties	8	**10,407,146**	13,626,103
Bank borrowings	13	**49,841,345**	22,603,370
Bank overdraft	9	**9,678,431**	-
		94,176,952	43,956,400
Total liabilities		**94,781,083**	44,416,605
TOTAL EQUITY AND LIABILITIES		**631,952,431**	495,881,918

Pulkit Jain

Pulkit Jain
Managing Director

The accompanying notes 1 to 20 form an integral part of these separate financial statements.

Statement of profit or loss and other comprehensive income
For the year ended December 31, 2021

	Notes	2021 AED	2020 AED
Revenue	14	**1,365,058,982**	1,114,186,862
Cost of revenue	15	**(1,210,162,864)**	(1,009,933,029)
Gross profit		**154,896,118**	104,253,833
Administrative and selling expenses	16	**(67,515,238)**	(20,537,065)
Other income	17	**-**	4,073,263
Write back of provision no longer required		**-**	2,339,800
Operating profit		**87,380,880**	90,129,831
Finance costs - net		**(1,674,845)**	(1,307,757)
Profit for the year		**85,706,035**	88,822,074
Other comprehensive income		**-**	-
Total other comprehensive income for the year		**85,706,035**	88,822,074

The accompanying notes 1 to 20 form an integral part of these separate financial statements.

Statement of changes in equity
For the year ended December 31, 2021

	Share capital AED	Retained earnings AED	Total equity AED
Balance as at January 01, 2020	3,900,000	358,743,239	362,643,239
Profit for the year	-	88,822,074	88,822,074
Total comprehensive income for the year	-	88,822,074	88,822,074
Balance as at December 31, 2020	3,900,000	447,565,313	451,465,313
Balance as at January 01, 2021	3,900,000	447,565,313	451,465,313
Profit for the year	-	85,706,035	85,706,035
Total comprehensive income for the year	-	85,706,035	85,706,035
Balance as at December 31, 2021	**3,900,000**	**533,271,348**	**537,171,348**

Statement of cash flows
For the year ended December 31, 2021

	Notes	2021 AED	2020 AED
OPERATING ACTIVITIES			
Profit for the year		**85,706,035**	88,822,074
Adjustment for non-cash items:			
Depreciation on property and equipment	16	**119,703**	160,523
Write back of provision no longer required	7	**-**	(2,339,800)
Provision for end of service benefits	11	**180,909**	118,895
Write back of provision of employees end of service benefits	11	**(36,983)**	(14,475)
Finance costs		**1,674,845**	1,307,757
Loss on disposal of property and equipment	16	**-**	38,444
Operating cash flows before changes in working capital		**87,644,509**	88,093,418
Net changes in working capital			
Trade and other receivables		**(3,571,889)**	2,740,063
Due from related parties		**44,912,529**	3,608,722
Trade and other payables		**16,523,103**	6,603,404
Due to related parties		**(3,218,957)**	(13,102,961)
Net cash generated from operating activities		**142,289,295**	87,942,646
INVESTING ACTIVITIES			
Investment in subsidiaries	6	**(330,358)**	(12,759)
Proceeds from disposal of property and equipment		**-**	95,238
Net cash used in investing activities		**(330,358)**	82,479
FINANCING ACTIVITIES			
Movement in loan to related parties - net	8	**(132,369,206)**	(101,956,451)
Movement in bank borrowings during the year		**27,237,975**	3,580,442
Finance costs paid		**(1,674,845)**	(1,307,757)
Net cash used in financing activities		**(106,806,076)**	(99,683,766)
Net (decrease)/increase in cash and equivalents during the year		**35,152,861**	(11,658,641)
Cash and bank equivalents at the beginning of the year		**14,660,098**	26,318,739
Cash and cash equivalents as at the end of year	9	**49,812,959**	14,660,098

1 Legal status and nature of operations

Pajson Global DMCC (the "Company") (formerly known as Pajson Trading DMCC) was incorporated in Dubai, United Arab Emirates ('UAE') with limited liability and the address of the registered office of the Company is Unit AU-33-B-02, Gold (AU) Tower, Plot number JLT-PH1-13A, Jumeirah Lakes Towers, P.O. Box 634280, Dubai, UAE. The Company was registered with the Dubai Multi Commodities Centre ("DMCC") on August 13, 2014 under registration number DMCC34285.

On October 17, 2021, the trade name of the Company has been changed from Pajson Trading DMCC to Pajson Global DMCC (the "Company") under the trading license issued by the DMCC authorities.

The principal activities of the Company include grains, cereals and legumes trading, nuts trading, sugar trading, basic non-ferrous metal products trading, jewellery trading, spices trading, industrial plant equipment and spare parts trading, gifts trading and metal alloys trading. During the year, the Company has entered into new activity of ship chartering.

These separate financial statements for the year ended December 31, 2021 (including comparatives) were approved by the Managing Director on June 30, 2022.

2 Basis of preparation and statement of compliance

2.1 Presentation on a stand-alone basis

These separate financial statements have been prepared as permitted by International Accounting Standards (IAS) 27 - *Separate Financial Statements*, which requires investments in subsidiaries to be accounted for under the cost method. In addition, the consolidated financial statements of the Company and its subsidiaries are separately prepared and available at the registered office of the Company.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and Dubai Multi Commodities Centre Authority Company Regulations 2020 ("DMCCA").

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2021

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after January 1, 2021 and have been adopted by the Company:

- COVID-19 Rent Related Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made.

3 Standards, interpretations and amendments to existing standards (continued)

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not yet been adopted early by the Company

Following relevant new amendments to existing standards were issued by the IASB, which are not yet effective and have not been adopted early by the Company:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction.

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made.

4 Summary of significant accounting policies

4.1 Overall considerations

The significant accounting policies have been applied consistently and these separate financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the following accounting policies:

4.2 Basis of preparation

The Company's separate financial statements have been prepared on an accrual basis and under the historical cost convention.

4.3 Foreign currency translation

Functional and presentation currency

These separate financial statements are presented in United Arab Emirates Dirham (AED), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period -end exchange rates are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4 Summary of significant accounting policies (continued)

4.4 Revenue recognition

IFRS 15 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model, explained below, that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue as and when the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:-

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

-The Company's performance creates or enhances an asset that the customer controls as is the asset is created or enhanced; or

- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance obligations completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods and 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 recognised, this gives rise to a contract liability. Revenue is recognised in these separate financial statements to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if and when applicable can be measured reliably.

5 Summary of significant accounting policies (continued)

4.4 Revenue recognition (continued)

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue from trading activities

As part of the impact assessment exercise, the Company has concluded that sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the product has been handed over to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the product in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Therefore, it meets the criteria to recognise revenue at a point in time.

Revenue from service activities

As part of the impact assessment exercise, the Company has concluded that revenues are recognised when the chartered party agreement is signed and stamped by charterer and shipper. When the Company enters into the contract with charterer, the contract becomes binding to render and receive the services through chartered party agreement, and there is no unfulfilled obligation that could affect the shipper's acceptance of the services. Therefore, it meets the criteria to recognise revenue at a point in time."

4.5 General and administrative expenses

Operating expenses are recognised in statement of profit or loss and other comprehensive income upon utilisation of the service or as incurred.

4.6 Finance income and finance expense

Finance income includes interest income on funds invested and foreign exchange gains or losses that are recognised in the separate statement profit or loss and other comprehensive income. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises bank charges and interest expense which are recognised in the separate statement of profit or loss and other comprehensive income as it accrues. Foreign currency gains and losses are reported on net basis as either finance income or finance expense depending upon whether foreign currency movements are in a net gain or net loss position.

4.7 Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include cost of replacing part of the property and equipment and borrowing cost for long-term construction projects if the recognition criteria are met. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

4 Summary of significant accounting policies (continued)

4.7 Property and equipment (continued)

When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the separate statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

	Useful life (years)
Furniture and fixtures	5
Office equipment	5
Motor vehicles	5-6

An item of property and equipment is derecognized upon disposal or when no future benefits are expected to arise from the continued use of asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the separate statement of profit or loss and other comprehensive income.

The assets' residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

4.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the periods presented the Company does not have any financial assets categorised as FVOCI or FVTPL.

4 Summary of significant accounting policies (continued)

4.8 Financial instruments (continued)

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables, amounts due from related parties and loan due from related parties fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

4 Summary of significant accounting policies (continued)

4.8 Financial instruments (continued)

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been Compared based on the days past due. Refer to note 18 under credit risk analysis for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the separate statement of financial position when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Write-off policy

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

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

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

Financial liabilities

The Company's financial liabilities include trade and other payables, due to related parties, bank borrowings and bank overdraft.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.9 Investment in a subsidiaries

Investment in subsidiaries are accounted for in these separate financial statements of the Company using the "cost-method" in accordance with International Accounting Standard (IAS) 27 - Separate Financial Statements, under which such investments are accounted for at cost less any impairment value.

4 Summary of significant accounting policies (continued)

4.10 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 Shareholder's value.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies or processes during the year ended December 31, 2021. Capital comprises of share capital, and retained earnings and is measured of AED 537,171,348 as at December 31, 2021 (2020: AED 451,465,313).

4.11 Cash and cash equivalents

For the purpose of the separate statement of cash flows, cash and cash equivalents consist of cash in hand and with bank with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

4.12 Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the applicable law and is reported as separate line item under non-current liabilities. The Company operated an unfunded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified in U.A.E Labour Law.

The provision for staff terminal benefit is based on the liability that would arise if the employment of all the employees was terminated at the end of the reporting period.

4.13 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether billed by the supplier or not.

4.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4 Summary of significant accounting policies (continued)

4.15 Contingencies

Contingent liabilities are not recognised in the separate financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the separate financial statements but disclosed when an inflow of economic benefits is probable.

4.16 Significant management judgements and estimates in applying accounting policies

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the resulting accounting estimates may differ from actual results. The estimates and assumptions pose a risk of causing adjustment to the carrying amounts of assets and liabilities within the next financial year The Company based its assumptions and estimates on parameters available when the separate financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. Significant area of estimate and judgement for the Company includes:

Judgment

Determination of timing of satisfaction of performance obligation
The Company determines that its revenue from trading activities shall be recognized at a point in time when the goods have been delivered to the customer, i.e. generally when the customer has acknowledged acceptance of the goods.

Determining the lease term of contracts with renewal and termination options – Company as lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Estimates

Useful lives of depreciable assets
The Company's management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4 Summary of significant accounting policies (continued)

4.16 Significant management judgements and estimates in applying accounting policies (continued)

Impairment losses on receivables
The Company's reviews its trade receivables and due from related parties to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether an impairment loss should be recorded in the profit or loss, the Company's makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company's recognises loss allowance for ECLs on financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. ECL computation uses historical trends and a forward-looking element to compute percentage allowance to be recorded as impairment loss on trade receivables. Should any of these input estimates vary, the profit or loss and financial position of the following year(s) would be significantly impacted.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

5 Property and Equipment

2021	Furniture and fixtures AED	Office equipment AED	Motor vehicles AED	Total AED
Cost				
Balance as at January 1, 2021	536,237	292,656	888,418	1,717,311
Balance as at December 31, 2021	**536,237**	**292,656**	**888,418**	**1,717,311**
Accumulated depreciation				
Balance as at January 1, 2021	402,303	188,869	407,360	998,532
Charge for the year	26,787	20,757	72,159	119,703
Balance as at December 31, 2021	429,090	209,626	479,519	1,118,235
Carrying amount as at December 31, 2021	**107,147**	**83,030**	**408,899**	**599,076**
2020				
Cost				
Balance as at January 1, 2020	536,237	292,656	1,230,418	2,059,311
Disposals during the year	-	-	(342,000)	(342,000)
Balance as at December 31, 2020	**536,237**	**292,656**	**888,418**	**1,717,311**
Accumulated depreciation				
Balance as at January 1, 2020	368,820	162,922	514,585	1,046,327
Charge for the year	33,483	25,947	101,093	160,523
Disposals during the year	-	-	(208,318)	(208,318)
Balance as at December 31, 2020	402,303	188,869	407,360	998,532
Carrying amount as at December 31, 2020	**133,934**	**103,787**	**481,058**	**718,779**

6 Investment in subsidiaries

Name	Legal and beneficial ownership 2021	2020	Country of incorporation	Date of acquisition	Principal activity
STE Global Commerce SARL	**99.0%**	99.0%	Benin	November 25, 2019	Agro-trading commodities
Premier Overseas Exim Limited	**99.9%**	99.9%	Nigeria	September 06, 2019	
STE Insta Trading SARL	**99.5%**	99.5%	Benin	February 14, 2020	
Pajson Agro Trading Limited (i)	**100%**	-	Ivory cost	March 05, 2021	No commercial activity started yet

Total investment in subsidiaries as at December 31, 2021 is as follow;

	2021 AED	2020 AED
STE Global Commerce SARL	**1,241,643**	1,241,643
Premier Overseas Exim Limited	**101,940**	101,940
STE Insta Trading SARL	**12,759**	12,759
Pajson Agro Trading Limited	**330,358**	-
	1,686,700	1,356,342

These investments have been carried at cost and management has not recorded any impairment loss in respect of these investments.

6 Investment in subsidiaries (continued)

(i) The subsidiary has been established during the year and the Company has subscribed entire shareholding by subscription of memorandum of association.

7 Trade and other receivables

	2021 AED	2020 AED
Financial assets		
Trade receivables	**171,352,929**	163,716,545
Less: Provision for impairment of trade receivables	**(315,604)**	(315,604)
	171,037,324	163,400,941
Non-financial assets		
Advances to suppliers	**10,463,367**	1,446,983
Other receivables	**1,084,023**	14,164,902
	182,584,715	179,012,826

The movement in the allowance for credit loss during the year was as follows:

	2021 AED	2020 AED
At January 01	**315,604**	2,655,404
Writeback of provision for expected credit losses	**-**	(2,339,800)
At December 31	**315,604**	315,604

As at December 31, 2021 the Company had the trade receivables of AED 169,545,552 (2020: AED 163,716,545) which related to number of independent customers for whom there is no recent history of default.

The average receivable collection period is 60 days (2020: 60 days). Trade receivables are non-interest bearing and the unimpaired receivables are expected, based on past experience and hence assumed to be fully recoverable.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are considered impaired based on a provision matrix established by management that is based on the Company's historical credit loss experience adjusted for forward looking factors specific to the debtors' regional and economic environment.

Note 18 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses based on IFRS 9 which uses an expected credit loss model.

8 Related party balances and transactions

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 *IAS 24: Related Party Disclosures*. Related parties comprise the Company's major shareholders, directors and entities related to them, companies under common ownership and/or common management and control, and key management personnel.

Related parties represent shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. The Company entered into the following significant transactions at the agreed terms and conditions with related parties in the ordinary course of business.

8 Related party balances and transactions (continued)

Significant transactions with related parties	2021 AED	2020 AED
Revenue		
Subsidiaries		
STE Global Commerce S.A.R.L - Incorporated in Benin	-	7,814,831
STE Insta Trading S.A.R.L - Incorporated in Benin	23,564,675	145,347,874
	23,564,675	153,162,705
Affiliate		
PJS Overseas Limited - Incorporated in India	52,384,356	54,967,399
Kiara Rice Mills - Incorporated in Nigeria	1,335,250	16,680,263
	53,719,606	71,647,662
Cost of revenue		
Subsidiaries		
Premier overseas Exim Limited - Incorporated in Nigeria	60,581,718	47,502,152
STE Global Commerce S.A.R.L - Incorporated in Benin	-	16,698,067
STE Insta Trading S.A.R.L - Incorporated in Benin	91,423,867	56,268,382
	152,005,585	120,468,601
Affiliates		
PJS Overseas Limited - Incorporated in India	129,926,019	62,213,418
	129,926,019	62,213,418
Net loan disbursement during the year		
Affiliates:		
Astra International - Incorporated in UAE	7,714,350	-
PJS Agro Farm Limited - Incorporated in Nigeria	817,004	1,839,841
Kiara Petroleum FZE - Incorporated in UAE	69,885,103	64,820,426
Kiara Rice Mills - Incorporated in Nigeria	9,198,444	4,071,924
Parnav Limited - Incorporated in UAE	5,700	3,045,561
Rajtilak Shipping Inc. - Incorporated in Panama	38,015	28,178,699
Pearl Universal Impex Limited - Incorporated in Nigeria	(817,767)	-
Chakravati Shipping INC - Incorporated in Marshall Island	32,339,758	-
Parvraj Shipping INC - Incorporated in Marshall Island	13,188,600	-
	132,369,206	101,956,451
Compensation of key management personnel		
Salaries and wages	61,200,000	12,000,000
End of service benefits	46,810	30,468
	61,246,810	12,030,468
Due from related parties		
Subsidiaries		
STE Global Commerce S.A.R.L - Incorporated in Benin		-
STE Insta Trading S.A.R.L - Incorporated in Benin	34,916,309	59,327,944
Premier overseas Exim Ltd - Incorporated in Nigeria	4,411,584	19,361,161
	39,327,893	78,689,105
Affiliates		
PJS Overseas Limited - Incorporated in India	29,422,000	22,498,339
Kiara Rice Mill - Incorporated in Nigeria	4,399,748	16,874,726
	33,821,748	39,373,065

8 Related party balances and transactions (continued)

	2021 AED	2020 AED
Due to a related party		
Key management personnel	**10,407,146**	13,626,103
Loan due from related parties		
Affiliates		
Kiara Petroleum FZE - Incorporated in UAE	**174,705,530**	104,820,427
Pearl Universal Impex Limited - Incorporated in Nigeria	**35,256,636**	36,074,403
Chakravati Shipping INC - Incorporated in Marshall Island	**32,339,758**	-
Rajtilak Shipping Inc. - Incorporated in Panama	**28,216,711**	28,178,696
Kiara Rice Mill - Incorporated in Nigeria	**15,107,119**	5,908,675
Parvraj Shipping INC - Incorporated in Marshall Island	**13,188,600**	-
Astra International - Incorporated in UAE	**7,714,350**	-
PJS Agro Farm Limited - Incorporated in Nigeria	**4,860,945**	4,043,941
Parnav Limited - Incorporated in UAE	**3,051,260**	3,045,561
	314,440,909	182,071,703

The amounts outstanding are unsecured, interest free and will be settled in cash. No guarantees have been received or given. No expenses have been recognized during the year for bad or doubtful debts in respect of the amounts owed by related parties.

9 Cash and cash equivalents

	2021 AED	2020 AED
Cash in hand	**4,124,860**	3,998,083
Cash at banks	**55,366,530**	10,662,015
Total bank balances and cash	**59,491,390**	14,660,098

Cash and cash equivalents for the purpose of statement of cash flow are as follow:

	2021 AED	2020 AED
Bank and cash balances	**59,491,390**	14,660,098
Bank overdraft	**(9,678,431)**	-
	49,812,959	14,660,098

10 Share capital

	2021 AED	2020 AED
Authorised, issued and fully paid up capital		
3,900 ordinary shares of AED 1,000 each	**3,900,000**	3,900,000

Notes to the financial statements (continued)
For the year ended December 31, 2021

11 Provisions for employees' end of service benefits

The movement in the provision for employees' end of service benefits was as follows:

	2021 AED	2020 AED
At January 01	**460,205**	355,785
Charge for the year (Note 16.1)	**180,909**	118,895
Write back of provision	**(36,983)**	(14,475)
At December 31	**604,131**	460,205

12 Trade and other payables

	2021 AED	2020 AED
Financial liabilities:		
Trade payables	**22,131,855**	7,108,480
Other payables	**110,205**	-
	22,242,060	7,108,480
Non-Financial liabilities:		
Accrued expenses	**172,434**	618,447
Advances from customers	**1,835,536**	-
	2,007,970	618,447
	24,250,030	7,726,927

13 Bank Borrowings

	2021 AED	2020 AED
Trust receipts	**49,841,345**	22,603,370
	49,841,345	22,603,370

Trust receipts are part of the overall credit facility obtained from commercial banks in UAE with a total credit limit of AED 74,000,000. Interest expense on trust receipts was 6 Month EIBOR + 2.95% margin with minimum floor (ranging from 3.5% to 5.25%). The facility is secured by a collateral against the Company's inventory and receivables, personal guarantee and mortgage over personal properties of the Shareholder and his family.

The facility has been renewed subsequent to year end with a revised credit limit of AED 74,000,000 with the terms and conditions applicable to the master facility agreement.

14 Revenue

	2021 AED	2020 AED
Revenue recorded at point in time:		
Revenue from trading activities	**1,140,759,884**	1,114,186,862
Revenue from service activities	**224,299,098**	-
	1,365,058,982	1,114,186,862
Geographical location of revenue		
Within United Arab Emirates	**219,949,846**	400,219,210
Outside United Arab Emirates	**1,145,109,136**	713,967,652
	1,365,058,982	1,114,186,862

15 Cost of Revenue

	2021 AED	2020 AED
Cost of revenue - commodities	**984,610,805**	990,241,243
Direct expenses – commodities	**37,068,431**	19,691,786
Direct expenses – service activities	**188,483,628**	-
	1,210,162,864	1,009,933,029

16 Administrative expenses

	2021 AED	2020 AED
Staff costs (Note 16.1)	**63,870,506**	16,553,187
Travelling expenses	**809,082**	238,806
Bank charges	**793,512**	769,726
Office expenses	**644,416**	628,147
Legal and professional charges	**508,477**	1,208,449
Communication and utilities	**353,037**	200,640
Depreciation (note 5)	**119,703**	160,523
Repairs and maintenance	**85,885**	345,716
Printing and stationery	**21,198**	28,099
Selling expenses	**18,368**	114,346
Loss on disposal of property and equipment	**-**	38,444
Others	**291,054**	250,982
	67,515,238	20,537,065

16.1 Staff costs

	2021 AED	2020 AED
Salaries and wages	**63,726,584**	16,448,767
Employees' end of service benefits – net	**143,922**	104,420
	63,870,506	16,553,187

17 Other income

	2021 AED	2020 AED
Income from derivatives	**-**	4,073,263
	-	4,073,263

18 Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables, bank borrowings and due to related parties. The Company's financial assets are cash and cash equivalents, trade and other receivables, due from related parties and loan due from related parties.

18 Financial risk management objectives and policies (continued)

Credit risk analysis

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company's senior management oversees the management of these risks.

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

These risks are evaluated by management on an ongoing basis to assess and manage critical exposures. The management reviews and agrees policies for managing each of these risks which are summarised below:

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below. The Company's overall financial risk management program seeks to minimize potential adverse effects to the financial performance of the Company. The management provides principles for overall financial risk management and policies covering specific areas.

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 is exposed to credit risk from its operating activities primarily from principal financial assets, which includes cash and cash equivalents, trade and other receivables, loan due from related parties and due from related parties.

The Company is exposed to credit risk on its receivable balances as follows:

	2021 AED	2020 AED
Trade receivables (Note 7)	171,352,929	163,716,545
Due from related parties (Note 8)	73,149,641	118,062,170
Loan due from related parties (Note 8)	314,440,909	182,071,703
Cash at bank (Note 9)	55,366,531	10,662,015
	614,310,010	474,512,433

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

Trade and other receivables
The Company applies the IFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the trade receivables.

18 Financial risk management objectives and policies (continued)

Credit risk analysis (continued)

The following table shows the expected credit losses for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Not due or impaired	Due and impaired			
	Current days	Less than 90 days	90-180 days	>180 days	Total
	AED	AED	AED	AED	AED
December 31, 2021					
Expected credit loss rate	0.0006%	0.0432%	2.5581%	-	**0.184%**
Gross carrying amount	**114,266,700**	**45,545,435**	**11,540,794**	-	**171,352,929**
Expected credit loss	**720**	**19,664**	**295,220**	-	**315,604**
December 31, 2020					
Expected credit loss rate	0.001%	0.029%	0.911%	-	0.193%
Gross carrying amount	62,757,029	68,314,078	32,645,438		163,716,545
Expected credit loss	720	19,664	295,220	-	315,604

Due from related parties
Due from related parties is not considered to represent significant credit risk because amounts due from related parties are from the companies owned by the same ultimate shareholder and therefore do not carry any significant risks of default.

Cash and cash equivalents
With respect to exposures with banks, the Company seeks to limit its credit risk with regard to bank balances by dealing only with reputable banks. The management does not expect any losses from non-performance by these counterparties.

Management is satisfied that this concentration of credit risk will not result in any financial loss to the Company.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value. Trade receivables, due from related parties and balances with banks are not secured by any collateral.

Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring payments for financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The management considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources.

18 Financial risk management objectives and policies (continued)

Credit risk

The Company's non-derivative financial liabilities have contractual maturities as summarized below:

	Payable on demand	Within 1 year	1 to 5 years	5 years and above	Carrying Amount
		AED	AED	AED	AED
At 31 December 2021					
Trade and other payables (Note 12)	-	21,598,679	-	-	21,598,679
Due to related parties (Note 8)	-	10,407,146	-	-	10,407,146
Bank borrowings (Note 13)	-	49,841,345	-	-	49,841,345
Bank overdraft	9,678,431	-	-	-	9,678,431
Interest expense	-	778,500	-	-	778,500
	9,678,431	82,625,670	-	-	92,304,101

	Payable on demand	Within 1 year	1 to 5 years	5 years and above	Carrying Amount
		AED	AED	AED	AED
At 31 December 2020					
Trade and other payables (Note 12)	-	7,108,480	-	-	7,108,480
Due to related parties (Note 8)	-	13,626,103	-	-	13,626,103
Bank borrowings (Note 13)	-	22,603,370	-	-	22,603,370
Interest expense	-	1,674,845	-	-	1,674,845
	-	45,012,798	-	-	45,012,798

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams (AED) or United States Dollars (USD) to which the AED is pegged.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk with respect to its borrowings. The Company's borrowings are based on fixed rate or combination of fixed and variable rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Positions are monitored regularly to ensure positions are maintained within established limits. The Company does not have any off-balance sheet financial instrument to manage the interest rate risk. As at the end of the year, the interest rate profile of the Company's financial liabilities is disclosed in the following table.

18 Financial risk management objectives and policies (continued)

Interest rate risk (continued)

	2021 AED	2020 AED
Sources of the sensitivity analysis		
Bank borrowings (note 13)	49,841,345	22,603,370
	49,841,345	22,603,370

The table shown below illustrates the sensitivity of profit to a reasonably possible change in interest rates of ±100 basis points (December 31, 2020: ±100 basis points). This change is considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates provided that all other variables are held constant.

	Impact on statement of profit or loss and other comprehensive income	
	AED	**AED**
	+100 bps	**-100 bps**
December 31, 2021	4,984,134	(4,984,134)
December 31, 2020	2,260,337	(2,260,337)

19 Fair values of financial instruments

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (un-observable inputs).

None of the Company's financial assets and liabilities have been measured at fair value.

20 Subsequent events

On January 31, 2022, the UAE Ministry of Finance announced the introduction of a 9% federal corporate tax rate effective for fiscal years commencing on or after 1 June 2023. There are no implications to the financial and reporting period ended December 31, 2021.