

Financial statements and independent auditors' report

**Kfin Technologies (Bahrain) W.L.L.**

For the year ended 31 March 2023

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## **General information**

|                         |   |  |
|-------------------------|---|--|
| Commercial registration | : | 39984-1 obtained on 27 January 1998  |
| Partners                | : | Kfin Technologies Limited ( the 'Parent Company")<br>Srinivas Sudheer Venkatapuram   |
| Registered office       | : | Flat 74, Building 31<br>Road 383, Block 305<br>Manama Center<br>Kingdom of Bahrain   |
| Banker                  | : | Ahli United Bank   |
| Auditors                | : | Grant Thornton - Abdulaal<br>P.O. Box 11175<br>12 <sup>th</sup> Floor, Al Nakheel Tower<br>Seef District, Kingdom of Bahrain |

## Directors' report

The Board of Directors of Kfin Technologies (Bahrain) W.L.L. (the "Company") has great pleasure in presenting the annual report and the audited financial statements of the Company for the year ended 31 March 2023.

### Principal activities

The Company is engaged in the business of other activities auxiliary to financial service activities - fund administrator.

### Financial highlights

The total income of the Company for the year ended 31 March 2023 was BD146,892 as compared to previous year's income of BD167,144. The Company has reported a profit of BD9,844 for the year ended 31 March 2023 as compared to a profit of BD5,234 for the year 2022.

### Directors

The following served as the Directors of the Company during the year ended 31 March 2023:

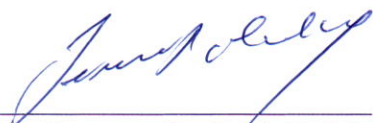
|                                     |            |
|-------------------------------------|------------|
| Vishesh Tayal                       | - Director |
| Alok Chandra Misra                  | - Director |
| Venkata Satyanaga Sreekanth Nadella | - Director |

### Auditors

The financial statements have been audited by Grant Thornton - Abdulaal who have expressed their willingness and considered themselves eligible for re-appointment.

The Directors take this opportunity to place on record their sincere appreciation to the staff for their loyalty and dedication, which has greatly helped to maintain the reputation and results of the Company.

On behalf of the Board of Directors



Venkata Satyanaga Sreekanth Nadella  
Director

3 May 2023  
Manama, Kingdom of Bahrain

## **Independent auditors' report**

**To the Partners of  
Kfin Technologies (Bahrain) W.L.L.**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of **Kfin Technologies (Bahrain) W.L.L.** (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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.

#### **Other information**

The Board of Directors is responsible for the other information. The other information obtained at the date of this auditors' report is the Directors' report set out on page 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 scepticism 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 auditors' 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 auditors' 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 the Board of Directors 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.

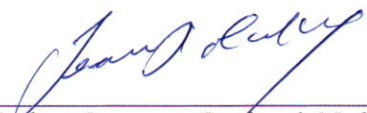
#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Bahrain Commercial Companies Law, we report that:
  - a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
  - b) the financial information contained in the Directors' report is consistent with the financial statements;
  - c) nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Bahrain Commercial Company's Law, or its Memorandum and Articles of Association that would have a material adverse effect on its business or its financial position; and
  - d) satisfactory explanations and information have been provided to us by management in response to all our requests.
2. We are not aware of any violations that occurred during the year to the Central Bank of Bahrain (CBB) Rule book (applicable provisions of Volume 5) and CBB and Financial Institutions Law 2006 (CBB Law) that would have a material adverse effect on the business of the Company or its financial position.

## Statement of financial position

|                                     | Notes | 31 March<br>2023 | 31 March<br>2022 |
|-------------------------------------|-------|------------------|------------------|
|                                     |       | BD               | BD               |
| <b>Assets</b>                       |       |                  |                  |
| <b>Non-current assets</b>           |       |                  |                  |
| Property, plant and equipment       | 3     | 612              | 360              |
| Right-of-use asset                  | 4     | 9,934            | 9,907            |
|                                     |       | <b>10,546</b>    | <b>10,267</b>    |
| <b>Current assets</b>               |       |                  |                  |
| Accounts and other receivables      | 5     | 35,714           | 41,550           |
| Cash and cash equivalents           | 6     | 191,304          | 194,461          |
|                                     |       | <b>227,018</b>   | <b>236,011</b>   |
| <b>Total assets</b>                 |       | <b>237,564</b>   | <b>246,278</b>   |
| <b>Equity and liabilities</b>       |       |                  |                  |
| <b>Equity</b>                       |       |                  |                  |
| Share capital                       | 11    | 40,000           | 40,000           |
| Statutory reserve                   | 12    | 20,000           | 20,000           |
| Retained earnings                   |       | 125,408          | 115,564          |
|                                     |       | <b>185,408</b>   | <b>175,564</b>   |
| <b>Liabilities</b>                  |       |                  |                  |
| <b>Non-current liabilities</b>      |       |                  |                  |
| Employees' terminal benefits        | 10    | 14,637           | 32,710           |
| <b>Current liabilities</b>          |       |                  |                  |
| Accruals and other payables         | 8     | 27,585           | 28,070           |
| Lease liability                     | 9     | 9,934            | 9,934            |
|                                     |       | <b>37,519</b>    | <b>38,004</b>    |
| <b>Total liabilities</b>            |       | <b>52,156</b>    | <b>70,714</b>    |
| <b>Total equity and liabilities</b> |       | <b>237,564</b>   | <b>246,278</b>   |

These financial statements were approved by the Board of Directors on 3 May 2023 and signed on its behalf by:


  
 \_\_\_\_\_  
 Venkata Satyanaga Sreekanth Nadella  
 Director

The accounting policies and the notes from pages 9 to 23 form an integral part of these financial statements.

## Statement of comprehensive income

|                                     | Notes | Year ended<br>31 March<br>2023<br>BD | Year ended<br>31 March<br>2022<br>BD |
|-------------------------------------|-------|--------------------------------------|--------------------------------------|
| Service income                      |       | 138,270                              | 164,394                              |
| Cost of services                    | 14    | (116,896)                            | (134,087)                            |
| <b>Gross profit</b>                 |       | <b>21,374</b>                        | <b>30,307</b>                        |
| Other income                        | 15    | 8,622                                | 2,750                                |
|                                     |       | <b>29,996</b>                        | <b>33,057</b>                        |
| <b>Expenses</b>                     |       |                                      |                                      |
| General and administrative expenses | 16    | (9,641)                              | (14,831)                             |
| Depreciation                        | 3     | (277)                                | (2,165)                              |
| Depreciation on right-of-use asset  | 4     | (9,907)                              | (9,907)                              |
| Finance costs                       |       | (327)                                | (920)                                |
|                                     |       | <b>(20,152)</b>                      | <b>(27,823)</b>                      |
| <b>Profit for the year</b>          |       | <b>9,844</b>                         | <b>5,234</b>                         |

These financial statements were approved by the Board of Directors on 3 May 2023 and signed on its behalf by:



\_\_\_\_\_  
Venkata Satyanaga Sreekanth Nadella  
Director

The accounting policies and the notes from pages 9 to 23 form an integral part of these financial statements.



## Statement of changes in equity

|                         | Share<br>capital | Statutory<br>reserve | Retained<br>earnings | Total          |
|-------------------------|------------------|----------------------|----------------------|----------------|
|                         | BD               | BD                   | BD                   | BD             |
| At 1 April 2021         | 40,000           | 20,000               | 265,330              | 325,330        |
| Profit for the year     | -                | -                    | 5,234                | 5,234          |
| Dividend paid (Note 13) | -                | -                    | (155,000)            | (155,000)      |
| <b>At 31 March 2022</b> | <b>40,000</b>    | <b>20,000</b>        | <b>115,564</b>       | <b>175,564</b> |
| At 1 April 2022         | 40,000           | 20,000               | 115,564              | 175,564        |
| Profit for the year     | -                | -                    | 9,844                | 9,844          |
| <b>At 31 March 2023</b> | <b>40,000</b>    | <b>20,000</b>        | <b>125,408</b>       | <b>185,408</b> |

The accounting policies and the notes from pages 9 to 23 form an integral part of these financial statements.

## Statement of cash flows

|   | Year ended<br>31 March<br>2023 | Year ended<br>31 March<br>2022 |
|---|--------------------------------|--------------------------------|
|   | BD                             | BD                             |
| <b>Operating activities</b>                     |                                |                                |
| Profit for the year                             | 9,844                          | 5,234                          |
| Adjustments for:                                |                                |                                |
| Depreciation                                    | 277                            | 2,165                          |
| Depreciation on right-of-use asset              | 9,907                          | 9,907                          |
| Loss on disposal of right-of-use asset          | -                              | 61                             |
| Provision for employees' terminal benefits      | 4,652                          | 4,919                          |
| Finance costs on lease liability                | 327                            | 920                            |
| Interest income                                 | (3,674)                        | (2,750)                        |
| Operating profit before working capital changes | 21,333                         | 20,456                         |
| Changes in operating assets and liabilities:    |                                |                                |
| Change in accounts and other receivables        | 5,836                          | 27,156                         |
| Change in accruals and other payables           | (485)                          | 3,536                          |
| Employee terminal benefits paid                 | (22,725)                       | -                              |
| Net cash from operating activities              | <b>3,959</b>                   | <b>51,148</b>                  |
| <b>Investing activities</b>                     |                                |                                |
| Interest received                               | 3,674                          | 2,750                          |
| Purchase of property, plant and equipment       | (529)                          | (267)                          |
| Net cash from investing activities              | <b>3,145</b>                   | <b>2,483</b>                   |
| <b>Financing activities</b>                     |                                |                                |
| Dividend paid                                   | -                              | (155,000)                      |
| Repayment of lease liability                    | (9,934)                        | (9,880)                        |
| Finance costs paid                              | (327)                          | (920)                          |
| Net cash used in financing activities           | <b>(10,261)</b>                | <b>(165,800)</b>               |
| <b>Net change in cash and cash equivalents</b>  | <b>(3,157)</b>                 | <b>(112,169)</b>               |
| Cash and cash equivalents, beginning of year    | 194,461                        | 306,630                        |
| <b>Cash and cash equivalents, end of year</b>   | <b>191,304</b>                 | <b>194,461</b>                 |
| Comprises:                                      |                                |                                |
| Cash in hand                                    | 526                            | 547                            |
| Bank balances                                   | 65,778                         | 68,914                         |
| Short term deposit                              | 125,000                        | 125,000                        |
|   | <b>191,304</b>                 | <b>194,461</b>                 |

**Note:** During the year, non-cash transaction of addition of right-of-use asset amounted to BD9,934 and lease liability amounted to BD9,934 have not been included in the statement of cash flows.

The accounting policies and the notes from pages 9 to 23 form an integral part of these financial statements.

# Notes to the financial statements

31 March 2023

## 1. Organisation and activities

Kfin Technologies (Bahrain) W.L.L. (the “Company”) is a limited liability company registered in the Kingdom of Bahrain with the Ministry of Industry and Commerce under commercial registration number 39984-1 obtained on 27 January 1998. The Company is regulated and supervised by the Central Bank of Bahrain (the “CBB”) and operates as a Fund Administrator licensee under CBB Rulebook Volume 5.

The Company is engaged in the business of other activities auxiliary to financial service activities - fund administrator.

The Company’s registered office is in the Kingdom of Bahrain.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The Company’s financial statements have been prepared on an accrual basis and under the historical cost convention. The Company’s financial statements are presented in Bahrain Dinars. All values are rounded to the nearest Bahrain Dinar.

### 2.2 Statement of compliance and going concern assumption

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with the Bahrain Commercial Companies Law and Volume 5- Specialised Licensees of the CBB Rulebook. They have been prepared under the assumption that the Company operates on a going concern basis.

### 2.3 New or revised Standards or Interpretations

#### New Standards adopted as at 1 April 2022

Some accounting pronouncements which have become effective from 1 April 2022 and have therefore been adopted do not have a significant impact on the Company’s financial results or position.

#### Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments to Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company’s financial statements.



## **2.4 Property, plant and equipment**

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

The cost of the property, plant and equipment includes the cost of bringing them to their present location and condition. The cost of replacing part of an item of property, plant and equipment is recognised in carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. All other cost is recognised in the statement of comprehensive income as expenditure incurred.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment. The following useful lives are applied:

|                        |   |
|------------------------|---|
| Leasehold improvements | 10 years or remaining term, whichever is less |
| Furniture and fixtures | 5 years                                       |
| Office equipment       | 3 years                                       |

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of comprehensive income within 'other income' or 'other expenses'.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

## **2.5 Leased assets**

### **The Company as a lessee**

The Company makes the use of leasing arrangements principally for the provision of the office building. The rental contracts for offices are typically negotiated for terms of between 3 and 5 years. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

### **Measurement and recognition of leases as a lease**

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

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. The useful life of the right-of-use asset is 4 years.



***Notes to the financial statements for the year ended 31 March 2023***

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Company.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed).

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the leases recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

## **2.6 Impairment of assets**

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Recoverable amount is higher of fair value less cost to sell and value in use. All impairment losses are recognised in the statement of comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been change in the estimates used to determine the recoverable amount.

## **2.7 Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, short term deposit and bank balances.

## **2.8 Provisions**

Provisions are recognised by considering an obligation of the Company as on date resulting from past events, and where it is probable that such obligation will result in outflow of economic resources and amount can be reliably estimated.

## **2.9 Employees' terminal benefits**

Employees' terminal benefits and entitlements to annual leave, holiday, air passage and other short term benefits are recognized as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the General Organisation for Social Insurance in the Kingdom of Bahrain. The Company's share of contribution to this funded scheme which is defined contribution scheme under IAS-19 - Employee benefits, is recognised as an expense in the statement of comprehensive income.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Laws for private sector 2012, based on length of service and final salary. Provision for this, which is unfunded, and represents a defined benefit plan under IAS-19 has been made by calculating the notional liability had all employees left at the reporting date. The provision is classified as a non-current liability in the statement of financial position.

## **2.10 Revenue recognition**

Revenue arises mainly from the services.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Company often enters into transactions involving a range of the Company's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

## **Revenue from services**

Service income is recognized upon the rendering of services. Service income represents the invoice value, net of discount for services provided.

## **2.11 Other income**

Other income is recognised on an accrual basis or when the Company's right to receive payment is established.

## **2.12 Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.



## **2.13 Financial Instruments**

### **Recognition and derecognition**

Financial assets and liabilities are recognized 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.

#### **a. Financial assets**

##### **Classification and initial measurement of financial assets**

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

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

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

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance costs, finance income or other financial items, except for impairment of accounts receivables which is presented separately in the statement of comprehensive income.

##### **Subsequent measurement of financial assets**

###### **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, fixed deposit and accounts and other receivables fall into this category of financial instruments.

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

**Accounts receivables**

The Company makes use of a simplified approach in accounting for accounts 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.

The Company assess impairment of accounts receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

**b. Classification and measurement of financial liabilities**

The Company's financial liabilities include accruals and other payables only. 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, if any. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognised in profit or loss. 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.

**2.14 Significant management judgement in applying accounting policies and estimation uncertainty**

The Company's financial statements prepared under IFRS require the Company to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Future events may occur which may cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the Company's financial statements as they become reasonably determinable.

**a. Judgments**

During the year, there were no judgements made by management in applying the accounting policies of the Company that had a significant effect on the financial statements.

**b. Use of estimates**

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

**Useful lives of depreciable assets.** Management reviews the useful lives of depreciable assets at each reporting date. At 31 March 2023, management assesses that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence.

**Leases - determination of the appropriate discount rate to measure lease liabilities.** The Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.



## 3. Property, plant and equipment

|                                 | Leasehold<br>improvements | Furniture and<br>fixtures | Office<br>equipment | 2023<br>Total | 2022<br>Total |
|---------------------------------|---------------------------|---------------------------|---------------------|---------------|---------------|
|                                 | BD                        | BD                        | BD                  | BD            | BD            |
| <b>Cost</b>                     |                           |                           |                     |               |               |
| At 1 April                      | 16,944                    | 2,430                     | 52,596              | 71,970        | 71,703        |
| Additions                       | -                         | -                         | 529                 | 529           | 267           |
| At 31 March                     | <b>16,944</b>             | <b>2,430</b>              | <b>53,125</b>       | <b>72,499</b> | <b>71,970</b> |
| <b>Accumulated depreciation</b> |                           |                           |                     |               |               |
| At 1 April                      | 16,944                    | 2,295                     | 52,371              | 71,610        | 69,445        |
| Charge for the year             | -                         | 44                        | 233                 | 277           | 2,165         |
| At 31 March                     | <b>16,944</b>             | <b>2,339</b>              | <b>52,604</b>       | <b>71,887</b> | <b>71,610</b> |
| <b>Net book value</b>           |                           |                           |                     |               |               |
| At 31 March 2023                | -                         | 91                        | 521                 | 612           | -             |
| At 31 March 2022                | -                         | 135                       | 225                 | -             | 360           |

## 4. Right-of-use asset

|                                 | 2023<br>Total | 2022<br>Total |
|---------------------------------|---------------|---------------|
|                                 | BD            | BD            |
| <b>Cost</b>                     |               |               |
| At 1 April                      | 19,814        | 33,035        |
| Additions                       | 9,934         | 19,814        |
| Disposal                        | -             | (33,035)      |
| At 31 March                     | <b>29,748</b> | <b>19,814</b> |
| <b>Accumulated depreciation</b> |               |               |
| At 1 April                      | 9,907         | 21,356        |
| Charge for the year             | 9,907         | 9,907         |
| Disposal                        | -             | (21,356)      |
| At 31 March                     | <b>19,814</b> | <b>9,907</b>  |
| <b>Net book value</b>           |               |               |
| At 31 March 2023                | <b>9,934</b>  | -             |
| At 31 March 2022                | -             | <b>9,907</b>  |

## 5. Accounts and other receivables

|                                       | 2023<br>BD    | 2022<br>BD    |
|---------------------------------------|---------------|---------------|
| Accounts receivables                  | 26,597        | 37,066        |
| Interest receivable on fixed deposits | 1,084         | 1,038         |
| <b>Financial assets</b>               | <b>27,681</b> | <b>38,104</b> |
| Other receivables and prepayments     | 7,878         | 3,139         |
| Deposits and advances                 | 155           | 307           |
| <b>Non-financial assets</b>           | <b>8,033</b>  | <b>3,446</b>  |
|                                       | <b>35,714</b> | <b>41,550</b> |

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

All of the Company's accounts and other receivables in the comparative periods have been reviewed for indicators of impairment.

Note 17(d) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

## 6. Cash and cash equivalents

|                    | 2023<br>BD     | 2022<br>BD     |
|--------------------|----------------|----------------|
| Cash in hand       | 526            | 547            |
| Bank balances      | 65,778         | 68,914         |
| Short term deposit | 125,000        | 125,000        |
|                    | <b>191,304</b> | <b>194,461</b> |

Short term deposit is placed with the Company's banker, earns interest rate range from 2.1% to 5.4% (2022: 1.3%) per annum with original maturity of 3 months.

There are no restrictions on bank balances at the time of approval of the financial statements.

## 7. Related party balances and transactions

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

## 7.1 Compensation of key management personnel:

|                       | 2023<br>BD | 2022<br>BD |
|-----------------------|------------|------------|
| Salaries and benefits | 25,119     | 34,922     |

## 8. Accruals and other payables

|                              | 2023<br>BD    | 2022<br>BD    |
|------------------------------|---------------|---------------|
| Accruals and other payables  | 15,662        | 12,461        |
| VAT payable                  | 3,324         | 3,073         |
| Leave salary and air passage | 8,599         | 12,536        |
|                              | <u>27,585</u> | <u>28,070</u> |

All amounts are short term. The carrying values of accruals and other payables are considered to be a reasonable approximation of fair values.

## 9. Lease liability

Lease liability is presented in the statement of financial position as follows:

|         | 2023<br>BD   | 2022<br>BD   |
|---------|--------------|--------------|
| Current | <u>9,934</u> | <u>9,934</u> |

The Company has a lease for its office premises. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The company classifies its right-of-use assets in a consistent manner to the statement of financial position (Note 4).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on the statement of financial position:

| Right-of-use asset | No. of right-of-use assets leased | Range of remaining term | Average remaining lease term | No. of leases with extension options | No. of leases with termination options |
|--------------------|-----------------------------------|-------------------------|------------------------------|--------------------------------------|--|
| Office premises    | 1                                 | 1 year                  | 1 year                       | 1                                    | 1                                      |

**Notes to the financial statements for the year ended 31 March 2023**

The lease liability is secured by the related underlying assets. Future minimum lease payments at 31 March were as follows:

|                           | <b>Minimum lease payments due Within 1 year</b> |
|---------------------------|---|
|                           | BD  |
| <b>31 March 2023</b>      |   |
| Lease payments            | 10,260  |
| Finance charges           | (326)   |
| <b>Net present values</b> | <b>9,934</b>                                    |
|                           | <b>Minimum lease payments due Within 1 year</b> |
|                           | BD  |
| <b>31 March 2022</b>      |   |
| Lease payments            | 10,260  |
| Finance charges           | (326)   |
| <b>Net present values</b> | <b>9,934</b>                                    |

Total cash outflow for leases for the year ended 31 March 2023 was BD10,260 (2022: BD10,800).

Additional information on the right-of-use asset by class of assets is set out in Note 4.

## 10. Employees' terminal benefits

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

|                               | <b>2023</b>   | <b>2022</b>   |
|-------------------------------|---------------|---------------|
|                               | BD            | BD            |
| At 1 April                    | 32,710        | 27,791        |
| Amounts provided for the year | 4,652         | 4,919         |
| Amount paid during the year   | (22,725)      | -             |
| At 31 March                   | <b>14,637</b> | <b>32,710</b> |

The number of expatriate staff employed by the Company at 31 March 2023 was 2 (2022: 3).

## 11. Share capital

The share capital of the Company consists of 800 shares of BD50 each, authorised, issued and fully paid up.

|                               | <b>Number of shares</b> | <b>%</b>   | <b>Amount</b> |
|-------------------------------|-------------------------|------------|---------------|
|                               |                         |            | BD            |
| Kfin Technologies Limited     | 799                     | 99.88      | 39,950        |
| Srinivas Sudheer Venkatapuram | 1                       | 0.12       | 50            |
|                               | <b>800</b>              | <b>100</b> | <b>40,000</b> |

The share capital in the amount of BD20,000 is in the form of shares issued in kind.



## 12. Statutory reserve

Under the provision of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's profit for the year before appropriation 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 share capital (2022: Nil).

## 13. Dividend paid

During the year, there was no dividend declared and paid.

In the year ended 31 March 2022, cash dividends of BD155,000 were declared and paid. This represents a payment of BD193.75 per share.

## 14. Cost of services

|                 | 2023<br>BD     | 2022<br>BD     |
|-----------------|----------------|----------------|
| Staff costs     | 111,974        | 127,450        |
| Direct expenses | 4,922          | 6,637          |
|                 | <u>116,896</u> | <u>134,087</u> |

## 15. Other income

|                        | 2023<br>BD   | 2022<br>BD   |
|------------------------|--------------|--------------|
| Interest income        | 3,674        | 2,750        |
| Liability written back | 4,124        | -            |
| Miscellaneous income   | 824          | -            |
|                        | <u>8,622</u> | <u>2,750</u> |

## 16. General and administrative expenses

|  | 2023<br>BD   | 2022<br>BD    |
|--|--------------|---------------|
| Repairs and maintenance expenses       | 3,929        | 3,083         |
| Professional fees                      | 2,554        | 7,514         |
| Electricity expenses                   | 1,323        | 1,802         |
| Insurance expenses                     | 635          | 1,235         |
| Loss on foreign exchange               | 82           | 204           |
| Loss on disposal of right-of-use asset | -            | 61            |
| Miscellaneous expenses                 | 1,118        | 932           |
|  | <u>9,641</u> | <u>14,831</u> |

## 17. Financial assets and liabilities and risk management

The Company's principal financial instruments comprise of cash and cash equivalents, accounts and other receivables, and accruals 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 risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors approves policies for managing each of these risks, which are summarised below.

### a. Interest rate risk

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is not exposed to the risk of changes in market interest rates since the Company's short term deposit earn fixed rate of interest.

### 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 cash and cash equivalents.

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

| <b>Particular</b>           | <b>Due within<br/>1 year</b> |
|-----------------------------|------------------------------|
|                             | BD                           |
| Accruals and other payables | <b>18,986</b>                |

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

| <b>Particular</b>           | <b>Due within<br/>1 year</b> |
|-----------------------------|------------------------------|
|                             | BD                           |
| Accruals and other payables | <b>15,534</b>                |

The maturity profile of lease liability is separately disclosed in Note 9 to the financial statements.

### c. Foreign currency risk

The Company's primary exposure to the risk of 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.

***Notes to the financial statements for the year ended 31 March 2023***

**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, fixed deposits, short term deposit and accounts 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:

|                                | <b>2023</b>    | <b>2022</b>    |
|--------------------------------|----------------|----------------|
|                                | BD             | BD             |
| Accounts and other receivables | 34,630         | 40,512         |
| Short term deposit             | 125,000        | 125,000        |
| Bank balances                  | 65,778         | 68,914         |
|                                | <b>225,408</b> | <b>234,426</b> |

**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.

**Accounts receivables**

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all accounts receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the accounts 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 of customers.

The expected loss rates are based on the payment profile for sales over the past 24 months before 31 March 2023 and 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. The Company has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.



***Notes to the financial statements for the year ended 31 March 2023***

The Company has no history of customer credit default therefore no provision for expected credit loss has been recognized.

| <b>31 March 2023</b>               |  | <b>Current</b> | <b>Total</b> |
|------------------------------------|--|----------------|--------------|
| <b>Particulars</b>                 |  | <b>Current</b> | <b>Total</b> |
| Expected credit loss rate          |  | -              | -            |
| Gross carrying amount (BD)         |  | 34,630         | 34,630       |
| Lifetime expected credit loss (BD) |  | -              | -            |
| <br>                               |  |                |              |
| <b>31 March 2022</b>               |  | <b>Current</b> | <b>Total</b> |
| <b>Particulars</b>                 |  | <b>Current</b> | <b>Total</b> |
| Expected credit loss rate          |  | -              | -            |
| Gross carrying amount (BD)         |  | 40,512         | 40,512       |
| Lifetime expected credit loss (BD) |  | -              | -            |

## 18. 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 partners' value.

Equity comprises share capital, statutory reserve and retained earnings and is measured at BD185,408 as at 31 March 2023 (2022: BD175,564).

The minimum capital requirement and liquidity requirements for the Company as per Central Bank of Bahrain are as follows:

- (i) The Company needs to maintain minimum paid up capital of BD40,000 as per Central Bank of Bahrain.
- (ii) The Company's liabilities should not exceed threefold the total of:
  - a.) Paid up capital;
  - b.) Statutory reserve;
  - c.) General reserve; and
  - d.) Retained earnings.
- (iii) The Company must maintain adequate liquid funds representing 25% of operating expenses incurred in the preceding financial year at all times in the form of cash or liquid assets that can be converted to cash in the short-term to cover its operating expenses.
- (iv) The Company's regulatory capital base and the solvency margin have been calculated in accordance with the guidelines of CBB Rulebook Volume 5, as follows:

|  | <b>31 March<br/>2023<br/>BD</b> | <b>31 March<br/>2022<br/>BD</b> |
|--|---------------------------------|---------------------------------|
| Capital available  | 185,408                         | 175,564                         |
| Minimum capital requirement                                  | 40,000                          | 40,000                          |
| Excess of capital available over minimum capital requirement | 145,408                         | 135,564                         |

The Company has complied with above capital and liquidity requirements mentioned in (i) to (iii).



**19. Post-reporting date events**

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

**20. 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 financial statements.