

**AFCONS CONSTRUCTION MIDEAST (LLC)**  
**DUBAI**

Annual report and financial statements

Year ended December 31, 2022

# AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI

## Annual report and financial statements for the year ended December 31, 2022

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**AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI**

**Directors' Report**

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The Directors have pleasure in submitting their report and financial statements of Afcons Construction Mideast (LLC), Dubai ("the Company") for the year ended December 31, 2022.

*Activities*

The principal activity of the Company continues to be contracting works.

*Financial position*

During the year, the Company achieved a revenue of AED 21,993,496 (2021: AED 12,233,658) and generated a net loss of AED 7,530,291 (2021: net profit AED 13,326,428) for the year.

For and on behalf of the Board of Directors

  
Mudit Sharma

Manager

May 29, 2023



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Afcons Construction Mideast (LLC), Dubai

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Afcons Construction Mideast (LLC), Dubai (the "Company"), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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.

#### Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to note 2 to the financial statements relating to the going concern consideration. During the year, the Company has generated a net loss of AED 7,530,291 (2021: AED net profit 13,326,428). However, as at the date of statement of financial position, the Company had net liabilities of AED 39,876,811 (2021: AED 32,346,520). The continuance of the Company's operations is dependent on the introduction of sufficient funds by the shareholders and its future business and profitability.

#### Responsibilities of Management and Those Charges with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and their presentation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

بي دي أو محاسبون قانونيون ومستشارون شركة مساهمة مسجلة بدبي وعضو بشركات بي دي أو العالمية المحدودة. ويضممان محدود من الملكية المتحدة. وتشكل جزء من شبكة بي دي أو العالمية ذات عضوية مستقلة.

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## **INDEPENDENT AUDITOR'S REPORT *(Continued)***

**To the Shareholders of Afcons Construction Mideast (LLC), Dubai *(Continued)***

### **Report on the Audit of the Financial Statements *(Continued)***

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

We communicate with management 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.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**To the Shareholders of Afcons Construction Mideast (LLC), Dubai (Continued)**

**Report on Other Legal and Regulatory Requirements**

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- the Company has maintained proper books of account;
- the financial information included in the Directors' Report is consistent with the books of account of the Company;
- the Company has not purchased or invested in any shares during the financial year ended December 31, 2022;
- note 12 to the financial statements discloses the related party transactions and the arrangements in this regard;
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2022 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at December 31, 2022.



**BDO CHARTERED ACCOUNTANTS & ADVISORS**

Yunus Yusur Saifee

Reg. No. 418

May 29, 2023

Dubai

**AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI**

**Statement of financial position at December 31, 2022**

	Note	AED	2021 AED
<b>Non current assets</b>			
Property, plant and equipment	7	1,018,848	1,825,494
Investment	8	24,935	24,935
<b>Total non current assets</b>		<b>1,043,783</b>	<b>1,850,429</b>
<b>Current assets</b>			
Inventories	9	3,841,476	1,041,866
Contract assets	10	63,140,418	55,931,568
Trade and other receivables	11	61,393,456	33,134,477
Bank balances and cash	13	17,032,772	21,948,107
<b>Total current assets</b>		<b>145,408,122</b>	<b>112,056,018</b>
<b>Current liabilities</b>			
Trade and other payables	14	78,942,196	25,958,378
Due to related parties	12	1,866,562	20,003,182
Loan from related parties	12	105,121,700	99,691,768
<b>Total current liabilities</b>		<b>185,930,458</b>	<b>145,653,328</b>
<b>Non current liabilities</b>			
Provision for employees' end of service benefits	15	398,258	599,639
<b>Net liabilities</b>		<b>(39,876,811)</b>	<b>(32,346,520)</b>
<b>Equity</b>			
Share capital	16	300,000	300,000
Legal reserve	17	150,000	150,000
Shareholder's account		(90,595)	(90,595)
Accumulated deficit		(40,236,216)	(32,705,925)
<b>Total equity</b>		<b>(39,876,811)</b>	<b>(32,346,520)</b>

The financial statements have been approved by the Board of Directors on May 29, 2023 and are signed on its behalf by:

  
Mudita Sharma  
Manager



The notes on pages 9 to 25 form part of these financial statements.

**AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI**

**Statement of profit or loss and other comprehensive income for the year ended December 31, 2022**

	Note	AED	2021 AED
Contract revenue	18	21,993,496	12,233,658
Service income	19	221,173	11,410,955
Other income	20	2,087,320	6,542,579
		<u>24,301,989</u>	<u>30,187,192</u>
<b>Contract costs</b>			
Raw materials and consumables		12,264,551	1,024,842
Salaries, wages and benefits		7,269,728	7,793,654
Rent		696,111	702,081
Travelling and conveyance		755,200	325,224
Legal charges		236,505	869,014
Professional charges		6,601,645	1,150,948
Repairs and maintenance		171,431	61,449
Insurance		623,880	502,194
Depreciation on property, plant and equipment		253,095	382,656
Printing and stationery		29,852	57,721
Utilities		144,968	233,855
Communication		123,992	168,062
Bank charges		558,681	233,018
Loss on disposal of property, plant and equipment		270,264	181,279
Other expenses		900,231	679,282
Finance costs	21	932,146	2,495,485
		<u>31,832,280</u>	<u>16,860,764</u>
<b>Total comprehensive (loss) / income for the year</b>		<u><u>(7,530,291)</u></u>	<u><u>13,326,428</u></u>

The notes on pages 9 to 25 form part of these financial statements.



**AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI**

**Statement of changes in equity for the year ended December 31, 2022**

	Share capital AED	Legal reserve AED	Shareholder's account AED	Accumulated deficit AED	Total equity AED
<b>Balance at January 1, 2021</b>	300,000	150,000	(90,595)	(46,032,353)	(45,672,948)
Total comprehensive income for the year	-	-	-	13,326,428	13,326,428
<b>Balance at December 31, 2021</b>	<b>300,000</b>	<b>150,000</b>	<b>(90,595)</b>	<b>(32,705,925)</b>	<b>(32,346,520)</b>
Total comprehensive loss for the year	-	-	-	(7,530,291)	(7,530,291)
<b>Balance at December 31, 2022</b>	<b>300,000</b>	<b>150,000</b>	<b>(90,595)</b>	<b>(40,236,216)</b>	<b>(39,876,811)</b>

The notes on pages 9 to 25 form part of these financial statements.

**AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI**

**Statement of cash flows for the year ended December 31, 2022**

			<b>2021</b>
	<b>Note</b>	<b>AED</b>	<b>AED</b>
<b>Cash flows from operating activities</b>			
Net (loss)/profit for the year		<b>(7,530,291)</b>	13,326,428
Adjustments for:			
Depreciation on property, plant and equipment	7	<b>253,095</b>	382,656
Finance costs	21	<b>932,146</b>	2,495,485
Loss on disposal of property, plant and equipment	20	<b>270,264</b>	181,279
Write off of related party balances	20	-	(5,000,000)
Provision for employees' end of service benefits	15	<b>105,758</b>	408,437
Operating (loss)/profit before working capital changes		<b>(5,969,028)</b>	11,794,285
(Increase)/decrease in inventories	9	<b>(2,799,610)</b>	549,735
(Increase)/decrease in trade and other receivables	11	<b>(35,467,829)</b>	60,833,268
Decrease in due from related parties	12	-	1,834,710
Increase/(decrease) in trade and other payables	14	<b>52,983,818</b>	(38,411,194)
Decrease in due to related parties	12	<b>(18,131,742)</b>	(224,425)
Cash (used in)/generated from operations		<b>(9,384,391)</b>	36,376,379
Finance costs	21	<b>(932,146)</b>	(2,495,485)
Employees' end of service benefits paid	15	<b>(307,139)</b>	(563,347)
<i>Net cash (used in)/generated from operating activities</i>		<b>(10,623,676)</b>	33,317,547
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	<b>(77,193)</b>	-
Proceeds from disposal of property, plant and equipment		<b>355,602</b>	398,725
<i>Net cash generated from investing activities</i>		<b>278,409</b>	398,725
<b>Cash flows from financing activities</b>			
Net movement in bank loans		-	(305,268)
Increase/(decrease) in loans from related party	12	<b>5,429,932</b>	(2,122,826)
<i>Net cash generated from/(used in) financing activities</i>		<b>5,429,932</b>	(2,428,094)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,915,335)</b>	31,288,178
<b>Cash and cash equivalents at beginning of the year</b>		<b>21,948,107</b>	(9,340,071)
<b>Cash and cash equivalents at end of the year</b>	13	<b>17,032,772</b>	21,948,107

The notes on pages 9 to 25 form part of these financial statements.

**1 Status and activity**

Afcons Construction Mideast (LLC), Dubai ("the Company") is a limited liability company incorporated in the Emirate of Dubai under UAE Federal Decree Law No. 32 of 2021.

The Company is subsidiary of Afcons Infrastructure Limited ("the Parent Company"), a company registered in India.

The principal activity of the Company continues to be contracting works. The principal place of business of the Company is located at Al Nahda, Dubai.

The financial statements for the year ended December 31, 2022 were authorised for issue by the Board of Directors on May 29, 2023.

These financial statements are presented in UAE Dirhams (AED).

**2 Going concern considerations**

These financial statements have been prepared on a going concern assumption, which assumes that the Company will continue to operate as a going concern for the foreseeable future. During the year, the Company has generated a net loss of AED 7,530,291 (2021: net profit AED 13,326,428). However, as at the date of statement of financial position, the Company had net liabilities of AED 39,876,811 (2021: AED 32,346,520). The continuance of the Company's operations is dependent on the introduction of sufficient funds by the shareholder and its future business and profitability. The shareholder of the Company have resolved that they will continue to support financially the future operations of the Company.

**3 Basis of preparation**

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs). The financial statements have been prepared under historical cost convention, except where otherwise stated in the accounting policies in Note 5.

**4 Application of new and revised International Financial Reporting Standards (IFRSs)**

*a) New standards, interpretations and amendments effective from January 1, 2022*

The Company has adopted the following new standards and amendments in the annual financial statements for the year ended December 31, 2022 which have not had a significant effect on the Company:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

*b) New standards, interpretations and amendments not yet effective*

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows:

The following amendments are effective for the period beginning January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

**4 Application of new and revised International Financial Reporting Standards (IFRSs) *(Continued)***

*b) New standards, interpretations and amendments not yet effective (Continued)*

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants)

The Company is currently assessing the impact of these new accounting standards and amendments and does not believe that these amendments will have a significant impact on the financial statements.

**Other**

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

- IFRS 17 Insurance Contracts (effective January 1, 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to January 1, 2023.

**5 Significant accounting policies**

The significant accounting policies adopted by the Company are as follows:

***Property, plant and equipment***

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the expenditure that is directly attributable to the acquisition of the assets.

The cost of replacing a part of property, plant and equipment is recognised in the carrying amount of the items 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.

The routine servicing of the property, plant and equipment is recognised in the statement of profit or loss and other comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of items of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the assets and it is recognised in the statement of profit or loss and other comprehensive income.

***Depreciation***

Depreciation is provided consistently on a straight line basis so as to write off the cost of property, plant and equipment over their estimated useful lives as follows:

Porta cabins	3 years
Machinery and equipment	5- 12 years
Air conditioner and equipment	5 years
Computers and office equipment	3-4 years
Furniture and fixtures	10 years
Motor vehicles	8 years

**5 Significant accounting policies *(Continued)******Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. Work in progress is valued at cost by reference to stage of completion. Net realisable value is based on the normal selling price, less cost expected to be incurred on disposal.

***Financial assets***

The Company classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

***Amortised cost***

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables and retentions receivable are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables and retentions receivable is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and retentions receivable. For trade receivables and retentions receivable, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within expenses in the in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable or retention receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those, where credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company may elect to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. In case of such renegotiations, timing of payments will change rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of profit or loss and other comprehensive income.

The Company's financial assets measured at amortised cost comprise trade and other receivables, retentions receivable, due from related parties, contract assets and cash and bank balances in the statement of financial position.

**5 Significant accounting policies *(Continued)******Financial assets (Continued)******Fair value through other comprehensive income (FVTOCI)***

These financial assets are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss. The Company does not have any investments or financial assets which are designated at fair value through other comprehensive income.

***Fair value through profit or loss (FVTPL)***

By default, all other financial assets not classified as amortised cost or FVTOCI are measured subsequently at fair value through profit or loss. These financial assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income in the finance income or expense line. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

***Cash and cash equivalents***

For the purpose of the statement of cash flows, cash and cash equivalents include cash, bank balances and bank overdraft.

***Financial liabilities***

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

***Fair value through profit or loss***

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

***Other financial liabilities***

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade and other payables, due to related parties and retentions payable, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

***Impairment of non-financial assets***

Impairment tests on non financial assets are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

**5 Significant accounting policies (*Continued*)**

***Impairment of non-financial assets (Continued)***

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

***Provision for employees' end of service benefits***

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.

***Leases***

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in Company for consideration. Leases are those contracts that satisfy the following criteria:

- a) There is an identified asset;
- b) The Company obtains substantially all the economic benefits from use of the asset; and
- c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

**5 Significant accounting policies *(Continued)******Leases (Continued)***

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred;
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights of use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension of the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and the right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in the statement of profit or loss and other comprehensive income. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

***Provisions***

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of profit or loss and other comprehensive income when the changes arise.



**5 Significant accounting policies *(Continued)******Share capital***

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

***Revenue recognition******Performance obligations and timing of revenue recognition***

The Company's revenue is derived from construction of bridges, underpasses and other infrastructure activities which is considered as a single performance obligation under each contract. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

***Timing of revenue recognition***

Contract revenue is recognised over time based on the criteria that 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 obligation completed to date.

The Company becomes entitled to invoice customers for construction contracts based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work and an invoice for the related milestone payment. The Company will recognise a 'contract asset' for any work performed but not yet invoiced.

The Company uses the input method to measure the progress towards complete satisfaction of these performance obligations. The complete performance obligation is determined based on the proportion of contract costs incurred for work performed up to the end of the reporting period relative to the estimated total contract costs. The contract costs recognised at the end of the reporting period is equal to the actual costs incurred to date with the corresponding revenue and margin recognised in proportion to the work completed. When the contract is at an early stage and its outcome cannot be reliably estimated, revenue is recognised to the extent of costs incurred up to the year end which are considered recoverable.

***Contract assets and liabilities***

Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has been received from the customer. Contract assets represent the right to consideration in exchange for goods or services that have been transferred to a customer.

An asset is recognised for the costs incurred to fulfil a contract only if those costs are directly related to a contract, the costs generate or enhance resources of the Company that will be used in satisfying a performance obligation in the future and the costs are expected to be recovered. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

***Transaction price***

The Company has fixed price contracts with customers. Certain contracts include variable considerations such as penalties, incentives and contingent considerations which are estimated using the expected values. The Company determines a range of possible consideration amounts and calculates the sum of probability-weighted amounts to adjust the contract price for variable considerations. The estimate of variable consideration in a contract price is constrained to the extent that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. Revenue is measured at the fair value of the consideration received or receivable.

**5 Significant accounting policies *(Continued)***

***Revenue recognition (Continued)***

***Onerous contracts***

Losses on contracts are assessed on an individual contract basis and provision is made for full amount of the anticipated losses, including any losses relating to future work on a contract, in the period in which the loss is first foreseen.

***Contract costs***

Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts. In addition, contract costs include other costs that are specifically chargeable to the customer under the terms of the contracts.

Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the costs of the construction contracts and are included in general and administrative expenses.

***Value added tax (VAT)***

Value added tax (VAT) asset/liability is recorded in the financial statements of the Company based on the requirements of the regulations as defined by Federal Tax Authority (FTA).

Expenses and assets are recognised net of the amount of value added tax, except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as a part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- when receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to the taxation authority is included as a part of receivables or payables in the financial statements.

***Foreign currencies***

Transaction entered into by the Company in a currency other than the currency of the primary economic environment in which it operates ("its functional currency") is recorded at the ruling rates when the transaction occurs. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange difference arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit or loss.

Exchange gains or losses arising on the retranslation of monetary available for sale financial assets are treated as separate component of change in the fair value and recognised in the profit or loss.

***Contingent liabilities***

Contingent liabilities are a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company, or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**5 Significant accounting policies *(Continued)******Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

**6 Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in Note 5, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, 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 life of property, plant and equipment***

Property, plant and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

***Impairment of property, plant and equipment***

The Company reviews its property, plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recorded in the statement of profit or loss and other comprehensive income, the Company makes judgment as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, provision for impairment is made when there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

***Contract variations***

Contract variations are recognised as revenues to the extent it is probable that they will result in revenue which can be reliably measured. This requires the exercise of judgment by management based on prior experience, application of contract terms and relationship with the contract owners.

***Provision for loss on onerous contract***

The Company provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time.

**6 Critical accounting judgments and key sources of estimation uncertainty (Continued)*****Percentage of completion and cost to complete estimates of construction contracts***

The Company uses the percentage of completion method in accounting for its construction contracts. At each reporting date, the Company is required to estimate the stage of completion and costs to complete on its construction contracts. These estimates require the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the year in which the estimates are revised. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Company uses its commercial teams together with project managers to estimate the costs to complete of construction contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, increase in labor and other costs are included in the construction cost estimates based on best estimates updated on a regular basis.

***Provision for material and subcontractors cost***

Provision for material and subcontractors cost is determined using a combination of factors such as quantity survey, monitoring daily activity reports at the site and bills of quantities received by subcontractors to ensure that the all costs are accounted for and fairly stated as at the date of statement of financial position.

***Expected credit loss allowance for financial assets***

Expected credit loss allowance is determined based on the Company's historical credit losses. These historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers, which is based on management's best estimate or judgment. Based on such assessment, management has not considered any expected credit loss allowance as the impact of such allowance is not significant.

**7 Property, plant and equipment**

Movements in property, plant and equipment are given on page 25.

**8 Investment**

Name of investee	Place of incorporation and operation	Ownership interest %	Principal activity
Afcons Saudi Constructions LLC	Saudi Arabia	5	Construction of building, roads, marine work and industrial works

The following table summarises the investment in Afcons Saudi Constructions LLC:

	2021 AED	2021 AED
Opening and closing balance	<u>24,935</u>	<u>24,935</u>

The Company holds 250 shares of AED 99.74 each.

**9 Inventories**

	2021 AED	2021 AED
Construction material	2,277,987	967,775
Other consumables	<u>1,563,489</u>	<u>74,091</u>
	<u>3,841,476</u>	<u>1,041,866</u>

Out of the above, inventories amounting to AED 2,941,935 is lying in Gabon.

## Notes to the financial statements for the year ended December 31, 2022 (Continued)

<b>10</b>	<b>Contract assets</b>		<b>2021</b>
		<b>AED</b>	<b>AED</b>
	Accrued income	<u>63,140,418</u>	<u>55,931,568</u>
	<b>Movement in contract assets</b>	<b>AED</b>	<b>2021</b>
			<b>AED</b>
	Opening balance	55,931,568	61,056,734
	Add: Contract assets recognised during the year	22,457,298	12,336,328
	Less: Transfers from contract assets to trade receivables during the year	(15,248,448)	(17,461,494)
		<u>63,140,418</u>	<u>55,931,568</u>
<b>11</b>	<b>Trade receivables and other receivables</b>		<b>2021</b>
		<b>AED</b>	<b>AED</b>
	Trade receivables	34,442,246	2,122,731
	Retentions receivable	21,469,930	28,879,966
	Advances to suppliers	4,222,604	1,800,153
	Security deposits	274,510	72,970
	Other receivables	469,028	18,104
		<u>60,878,318</u>	<u>32,893,924</u>
	Prepayments	515,138	240,553
		<u>61,393,456</u>	<u>33,134,477</u>

The Company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

Contract retentions which are due for collection after one year from the date of statement of financial position are classified as non current retentions receivable.

Ageing analysis of trade receivables is as under:

		<b>2021</b>
	<b>AED</b>	<b>AED</b>
<b>Amounts not past due:</b>		
1-30 days	30,821,672	-
31-90 days	-	-
91-180 days	3,428,822	-
181-365 days	191,752	191,752
<b>Amounts past due but not impaired:</b>		
Over 365 days	-	1,930,979
	<u>34,442,246</u>	<u>2,122,731</u>

## Notes to the financial statements for the year ended December 31, 2022 (Continued)

**12 Related party disclosures**

Related parties include the Parent Company, fellow subsidiaries, key management personnel and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due to/from such parties, which have been disclosed separately in the financial statements are unsecured and are repayable on demand.

The significant related party transactions during the year are as follows:

	AED	2021 AED
<b>Parent Company</b>		
- Interest paid	62,109	1,658,707
- Refund of interest expense	743,772	-
- Equipment hire charges included in raw material and consumables	159,473	-
- Bank charges reimbursed	30,626	-
- Salaries, wages and benefits reimbursed	97,484	-
<b>Other related parties</b>		
- Service income	128,607	11,211,205
- Interest paid	870,037	686,713
	<u>128,607</u>	<u>11,211,205</u>

Related party balances are as under:

	AED	2021 AED
<b>Loan Payable</b>		
- Parent	-	632,050
- Other related party	105,121,700	99,059,718
	<u>105,121,700</u>	<u>99,691,768</u>
<b>Other payables</b>		
- Parent Company	697,421	19,366,091
- Other related parties	1,169,141	637,091
	<u>1,866,562</u>	<u>20,003,182</u>

Loan taken from Parent Company represents funds introduced by the Parent Company for working capital needs of the Company at an interest rate of 4.1% (2021:12%) per annum. This loan has been repaid during the year.

Loan taken from Afcons Overseas PTE LTD at an interest rate of 0.6% to 3.6% range. This loan is unsecured and repayable on demand.

During the previous year, management has decided to write off an amount of AED 5,000,000 due to Afcons Gulf International Project Services FZE. This decision has been made due to the Company's cash flow issues and inability to pay.

**13 Bank balances and cash**

	AED	2021 AED
Cash on hand	48,142	10,362
Current accounts with banks	16,984,630	21,937,745
	<u>17,032,772</u>	<u>21,948,107</u>

## Notes to the financial statements for the year ended December 31, 2022 (Continued)

**14 Trade and other payables**

	2021
	AED
Trade payables	9,323,761
Provision for subcontract expenses	5,056,499
Retentions payable	8,148,419
Advance from customers	32,121,212
Accruals and other payables	24,292,305
	<u>78,942,196</u>
	<u>25,958,378</u>

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

Retentions payable which are due for payment after one year from the date of statement of financial position are classified as non current retentions payable.

**15 Provision for employees' end of service benefits**

	2021
	AED
Opening balance	599,639
Provision made during the year	105,758
Payments made during the year	(307,139)
Closing balance	<u>398,258</u>
	<u>599,639</u>

**16 Share capital**

	2021
	AED
Authorised, issued and paid up capital:	
300 shares of AED 1,000 each	<u>300,000</u>
	<u>300,000</u>

**17 Legal reserve**

The legal reserve is created by the Company by allocating 5 percent of its net profit for the year in accordance with UAE Federal Decree Law No. 32 of 2021. The legal reserve is not available for distribution except as provided in the law.

During the year, no transfer of net profit has been made to the legal reserve since the legal reserve has already reached 50% of the share capital.

**18 Contract revenue**

The Company's revenue is generated from contracting works. 100% of the revenue generated is from customers in the United Arab Emirates and Gabon as follows:

	2021
	AED
United Arab Emirates	2,261,101
Gabon	19,732,395
	<u>21,993,496</u>
	<u>12,233,658</u>

## Notes to the financial statements for the year ended December 31, 2022 (Continued)

**19 Service income**

This represents income earned for providing manpower support.

**20 Other income**

	2021 AED	2021 AED
Scrap sales	521,159	529,227
Supplier discount	310,501	-
Write off of related party balances (Note 12)	-	5,000,000
Provision no longer required written back	299,491	-
Refund of interest expense	743,772	-
Other	212,397	1,013,352
	<u>2,087,320</u>	<u>6,542,579</u>

**21 Finance costs**

	2021 AED	2021 AED
Interest on loan from Parent Company	62,109	1,658,707
Interest on loan from other related party	870,037	722,947
Interest on bank overdrafts	-	113,831
	<u>932,146</u>	<u>2,495,485</u>

This represents the interest charged by the Parent Company for outstanding dues at an interest rate of 4.1% per annum and 0.6 to 3.6% range plus LIBOR on loan from other related parties.

**22 Financial instruments - risk management****Capital risk management**

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to shareholders.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves, shareholder's account and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

**Market risk management**

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

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (Currency risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.



## Notes to the financial statements for the year ended December 31, 2022 (Continued)

**22 Financial instruments - risk management (Continued)****Market risk management (Continued)***Foreign currency risk management*

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to UAE Dirhams (AED), Indian Rupees (INR), United States Dollars (USD) and Central African Franc (XAF).

The UAE Dirham (AED) is pegged against the United States Dollars (USD), hence the Company is not exposed to any significant exchange rate fluctuations with respect to US Dollars. There are no significant transactions in Indian Rupee (INR), hence the exchange rate fluctuations with respect to INR do not have a material impact on the financial statements. The Company incurs foreign exchange risk on transactions denominated in a currency other than the US Dollar.

The Company's sensitivity to a 1 percent increase or decrease in the AED against the XAF currency is AED 1,399,280 for the year ended December 31, 2022

*Interest rate risk management*

The Company is not exposed to interest rate risk as it borrows funds at fixed interest rates.

**Credit risk management**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally bank balances, trade and other receivables and due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade receivables and due from related parties are subjected to credit evaluations.

**Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

**Financial instruments by category**

The carrying amounts for each class of financial instruments are listed below:

	AED	2021 AED
<b>Financial assets</b>		
Amortised cost		
- Financial liabilities	60,878,318	32,893,924
- Contract assets	63,140,418	55,931,568
- Bank balances and cash	<u>17,032,772</u>	<u>21,948,107</u>
<b>Financial liabilities</b>		
Other financial liabilities		
- Trade and other payables	78,942,196	25,958,378
- Due to related parties	1,866,562	20,003,182
- Loan from related parties	<u>105,121,700</u>	<u>99,691,768</u>

The carrying value of above financial assets and liabilities approximates to their fair value.

## Notes to the financial statements for the year ended December 31, 2022 (Continued)

## 22 Financial instruments - risk management (Continued)

## Financial instruments by category (Continued)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At December 31, 2022	Up to 3 months	Between 3-12 months	Over 1 year
	AED	AED	AED
Trade and other payables	70,793,777	8,148,419	-
Due to related parties	1,866,562	-	-
Loan from related party	105,121,700	-	-

At December 31, 2021	Up to 3 months	Between 3-12 months	Over 1 year
	AED	AED	AED
Trade and other payables	13,275,080	12,683,298	-
Due to related parties	20,003,182	-	-
Loan from related party	99,691,768	-	-

## 23 Contingent liabilities

	2021
	AED
Labour guarantee	15,000
Performance bonds	1,350,799
Bank guarantee*	7,770,485

\*Against this bank guarantee Parent Company has given counter bank guarantee.

Bank guarantee amounting to AED 19,156,051 (2021: AED 19,156,051) is held in the name of the other related party but utilised for exclusive benefit of the Company.

## 24 Corporate tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% CT rate and a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision. Further, there were several other decisions as at the year end that were yet to be finalised by way of a Cabinet Decision that were significant in order for entities to determine their tax status and the taxable income. The Establishment is in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective.

## 25 Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of current year. These regroupings and reclassifications were not material.

**AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI**

**Notes to the financial statements for the year ended December 31, 2022 (Continued)**

**Schedule of property, plant and equipment**

	Porta cabins	Machinery and equipment	Air conditioner and equipment	Computers and office equipment	Furniture and fixtures	Motor vehicles	Total
Cost	AED	AED	AED	AED	AED	AED	AED
At January 1, 2021	406,275	3,339,759	199,266	757,258	1,076,027	1,197,200	6,975,785
Disposals during the year	-	(867,887)	(61,345)	(338,433)	(145,225)	(136,000)	(1,548,890)
At December 31, 2021	406,275	2,471,872	137,921	418,825	930,802	1,061,200	5,426,895
Additions during the year	-	36,409	-	33,234	7,550	-	77,193
Transfer from related parties	-	1,015	-	-	-	-	1,015
Transfer to related parties	-	(356,597)	-	-	-	-	(356,597)
Disposals during the year	-	(341,582)	(17,850)	(43,962)	(717,935)	(327,850)	(1,449,179)
At December 31, 2022	<u>406,275</u>	<u>1,811,117</u>	<u>120,071</u>	<u>408,097</u>	<u>220,417</u>	<u>733,350</u>	<u>3,699,327</u>
<b>Depreciation</b>							
At January 1, 2021	406,275	2,039,351	135,317	653,051	257,264	696,373	4,187,631
Charge for the year	-	143,784	9,015	14,306	109,661	105,890	382,656
On disposals	-	(519,723)	(41,793)	(274,490)	(50,028)	(82,852)	(968,886)
At December 31, 2021	406,275	1,663,412	102,539	392,867	316,897	719,411	3,601,401
Charge for the year	-	82,623	1,118	8,492	76,432	84,430	253,095
On transfer	-	(350,704)	-	-	-	-	(350,704)
On disposals	-	(131,718)	(16,717)	(39,642)	(352,005)	(283,231)	(823,313)
At December 31, 2022	<u>406,275</u>	<u>1,263,613</u>	<u>86,940</u>	<u>361,717</u>	<u>41,324</u>	<u>520,610</u>	<u>2,680,479</u>
<b>Net book value</b>							
At December 31, 2022	<u>-</u>	<u>547,504</u>	<u>33,131</u>	<u>46,380</u>	<u>179,093</u>	<u>212,740</u>	<u>1,018,848</u>
At December 31, 2021	<u>-</u>	<u>808,460</u>	<u>35,382</u>	<u>25,958</u>	<u>613,905</u>	<u>341,789</u>	<u>1,825,494</u>