IFB AGRO MARINE (FZE)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 MARCH 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of IFB AGRO MARINE (FZE)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **IFB AGRO MARINE (FZE)** (the "Establishment"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of 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 give a true and fair view of the financial position of the Establishment as at 31 March 2024, 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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the provisions of Implementing procedures issued by Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995, 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 Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT
(continued)

Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

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 Establishment'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 Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment 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 gives a true and fair view.

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PKF

Accountants & business advisers

INDEPENDENT AUDITOR'S REPORT
(continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements
We confirm that the above financial statements comply with the applicable provisions of Implementing Procedures issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995, except for the matter stated in note 1(b) to the financial statements with respect to of the activities carried out by the Establishment and for the matter stated in note 23 to the financial statements in respect of maintaining minimum net assets as required by the said regulations. We further confirm that we have obtained all the information and explanations necessary for our audit and proper books of account and other records have been maintained in accordance with the said regulation.

For PKF

S. D. Pereira
Partner
Registration No. 552
Sharjah
United Arab Emirates
3 May 2024

IFB AGRO MARINE (FZE)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	2024 AED	2023 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	**30,567**	35,960
Current assets			
Trade and other receivables	7	**140,971**	64,863
Other current assets	8	**44,020**	82,147
Other financial assets	9	**50,000**	50,000
Cash and cash equivalents	10	**132,737**	7,781
		367,728	204,791
Total assets		**398,295**	240,751
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**5,550,000**	3,750,000
Accumulated losses		**(5,354,228)**	(5,360,410)
		195,772	(1,610,410)
Non-current liabilities			
Provision for staff end-of-service benefits	12	**120,505**	101,009
Current liabilities			
Short-term borrowings	13	--	1,682,397
Accruals and other payables	14	**58,817**	45,296
Other current liabilities	15	**23,201**	22,459
		82,018	1,750,152
Total liabilities		**202,523**	1,851,161
Total equity and liabilities		**398,295**	240,751

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved and authorised for issue by the shareholder on 26 April 2024 and signed on their behalf by Mr. Siraj Shamsul Shaikh.

For **IFB AGRO MARINE (FZE)**

Siraj Shamsul Shaikh
Director

اي اف بي اجرو مارين (م.م.ح)
IFB AGRO MARINE (FZE)
P.O.Box: 124734, SAIF ZONE, SHARJAH - U.A.E

IFB AGRO MARINE (FZE)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 AED	2023 AED
Revenue	18	**781,104**	84,505
Direct costs	19	**(566,299)**	--
Gross profit		**214,805**	84,505
Other income	20	**484,860**	101,625
Selling and administration expenses	21	**(662,040)**	(944,025)
Finance costs	22	**(31,443)**	(81,476)
PROFIT/(LOSS) FOR THE YEAR		**6,182**	(839,371)
Other comprehensive income:			
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**6,182**	(839,371)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

IFB AGRO MARINE (FZE)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Share capital AED	Accumulated losses AED	Total AED
Balance at 1 April 2022	3,750,000	(4,521,039)	(771,039)
Total comprehensive income for the year	--	(839,371)	(839,371)
Balance at 31 March 2023	3,750,000	(5,360,410)	(1,610,410)
Issue of shares	1,800,000	--	1,800,000
Total comprehensive income for the year	--	6,182	6,182
Balance at 31 March 2024	**5,550,000**	**(5,354,228)**	**195,772**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

IFB AGRO MARINE (FZE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
Cash flows from operating activities		
Profit/(loss) for the year	6,182	(839,371)
Adjustments for:		
Depreciation of property, plant and equipment	5,393	6,668
Credit balances written back	--	(5,731)
Provision for staff end-of-service benefits	19,496	36,654
Finance costs	31,443	81,476
	62,514	(720,304)
Changes in:		
- Trade and other receivables	(76,108)	17,359
- Other current assets	38,127	(32,350)
- Accruals and other payables	13,521	22,689
- Other current liabilities	742	20,959
Staff end-of service benefits paid	--	(90,379)
Cash generated from/(used in) operations	38,796	(782,026)
Interest paid	(31,443)	(81,476)
Net cash from/(used in) operating activities	7,353	(863,502)
Cash flows from investing activities	--	--
Cash flows from financing activities		
Issue of share capital	1,800,000	--
(Decrease)/increase in bank overdraft (net)	(1,682,397)	839,050
Net cash from financing activities	117,603	839,050
Net increase/(decrease) in cash and cash equivalents	124,956	(24,452)
Cash and cash equivalents at beginning of year	7,781	32,233
Cash and cash equivalents at end of year (note 10)	132,737	7,781

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **IFB AGRO MARINE (FZE)** (the "Establishment") - trade license No.18085 is registered as a free zone establishment with limited liability on 20 April 2017 in Sharjah Airport International Free Zone, Sharjah, UAE, pursuant to Law No. 2 of 1995. The registered address is P.O. Box 124734, SAIF office Q1-08-101/C, Sharjah, UAE.

The Establishment has also obtained a licence from Department of Economic Development, Dubai, for representative office in the name of "IFB Agro Marine – Dubai Branch – Representative Office" in the emirate of Dubai. Accordingly, these financial statements include assets, liabilities and results of operations of the representative office.

b) The principal activity of the Establishment as per trade license is general trading. The Establishment also acts as intermediary between principal and buyer of frozen foods and earns commission income (note 18).

c) The Establishment is wholly owned subsidiary of IFB Agro Industries Limited, a company incorporated in India which is also considered as the ultimate parent company.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2023, and the requirements of Sharjah Airport International Free Zone Authority Implementing Regulations pursuant to Law No. 2 of 1995.

b) **Basis of measurement**

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) **Going concern**

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Establishment's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

d) **Functional and presentation currency**

The Establishment's functional currency is US Dollars since significant portion of its sales and purchases are denominated and settled in that currency. However, the financial statements are presented in UAE Dirhams ("AED") being the currency of country of domicile. Amounts in US Dollars are translated to UAE Dirhams using the exchange rate of 1 US$ = AED 3.6725.

e) **Adoption of new International Financial Reporting Standards**

Standards, amendments, improvements and interpretations effective for the current period
The following amendments, improvements and interpretations which became effective for the financial years beginning on or after 1 April 2023, did not have any significant impact on the Company's financial statements:

- IFRS 17 - Insurance Contracts
- Amendments to IFRS 17 - Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules

New and revised IFRSs in issue but not yet effective and not early adopted

The following amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 1 - Non-current Liabilities with Covenants (1 January 2024)
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangement (1 January 2024)
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (1 January 2024)
- Amendments to IAS 21 - Lack of Exchangeability (1 January 2025)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely - Early adoption is permitted)
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures (Effective upon adoption by applicable regulatory)

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value of furniture, fixtures and office equipment, where material, is depreciated from the date the asset is available for use until it is derecognised, using the written down value (WDV) method over the estimated useful lives of 6 - 7 years.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Establishment and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Establishment recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) **Staff benefits**

The Establishment provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws. The entitlement to these benefits is based on the employees' last drawn salary and length of services which is accrued over the period of employment. Provision for staff end-of-service benefits is disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave and air fare for eligible employees as per the policy of the Establishment. Provision relating to annual leave and air fare are disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

c) **Revenue recognition**

The principal activity of the Establishment as per trade license is general trading. The Establishment's main activity during the year was trading in frozen foods.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Establishment expects to be entitled in exchange for those goods or services.

The Establishment recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

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

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

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

5. Recognise revenue when (or as) the Establishment satisfies a performance obligation at a point in time or over time.

The Establishment satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or
- The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Establishment's performance does not create an asset with an alternative use to the Establishment and the Establishment has an enforceable right to payment for performance completed to date.

The Establishment is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Sale of goods

The Establishment has concluded that revenue from sale of goods should be recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

Commission income

Commission income is accrued at a point in time on the basis of shipment advices received from principles for the direct shipments made by them to the buyers.

d) **Leases**

The Establishment leases office premise and staff accommodation. Rental contracts are typically made for fixed period of 1 year but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

Short-term leases

The Establishment applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

e) **Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and balance in bank current account.

f) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

g) **Provisions**

A provision is recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, it's carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

h) **Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

i) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person.

The Establishment charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the Federal Decree-Law No. (08) of 2017. Irrecoverable VAT for which Establishment cannot avail the credit is charged to the statement of profit or loss or included in costs of non-current assets. The Establishment files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT Payable are offset and the net amount is reported in the statement of financial position as the Establishment has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

j) **Deferred tax**

Deferred tax is recognised on temporary differences between the accounting base and the tax base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements, except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax asset is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

k) **Current versus non-current classification**

The Establishment presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Establishment classifies all other liabilities as non-current.

l) **Financial instruments**

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Establishment's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Establishment's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Establishment determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Establishment becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Establishment commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Establishment has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) the Establishment has transferred substantially all the risks and rewards of the asset,
  or
  (b) the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of trade and other receivables, other financial assets and cash and cash equivalents.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of short-term borrowings and accruals and other payables.

Impairment of financial assets

The Establishment recognises an allowance for expected credit losses (ECLs) for investment in all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Establishment measures the loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances, other financial assets and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Establishment has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Establishment applies a simplified approach in calculating expected credit losses. The Establishment does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Establishment has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Establishment considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Establishment's historical experience and informed credit assessment and including forward looking information.

The Establishment assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Establishment considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Establishment in full, without recourse by the Establishment to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Establishment is exposed to credit risk.

At each reporting date, the Establishment assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity
Equity instruments issued by the Establishment are recorded at the value of proceeds received towards interest in share capital of the Establishment.

m) **Fair value measurement**
The Establishment discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Establishment's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

The Establishment applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Establishment determined that the sale of goods is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

Determine timing of satisfaction of performance obligation

The Establishment concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting 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 as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Impairment

Assessments of net recoverable amounts of property, plant and equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The loss allowance for financial assets is based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3(I).

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 120,505 (previous year AED 101,009), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Deferred tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Establishment considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment AED
Cost	
At 1 April 2022	84,351
Assets written off	(13,259)
At 31 March 2023 and 31 March 2024	**71,092**
Accumulated depreciation	
At 1 April 2022	41,723
Depreciation	6,668
Adjustment on assets written off	(13,259)
At 31 March 2023	35,132
Depreciation	5,393
At 31 March 2024	**40,525**
Carrying amount	
At 1 April 2022	42,628
At 31 March 2023	35,960
At 31 March 2024	**30,567**

7. TRADE AND OTHER RECEIVABLES

	2024 AED	2023 AED
Trade receivables	**120,546**	44,438
Less: Allowance for expected credit losses	--	--
	120,546	44,438
Deposits	**20,425**	20,425
	140,971	64,863

A reconciliation of movements in the allowance for expected credit losses on trade receivables is as follows:

	2024	2023
Opening balance	--	90,123
Amounts written off	--	(90,123)
Closing balance	--	--

At the reporting date, the Establishment does not hold any collateral against trade receivables (previous year Nil).

		2024	2023
		AED	AED
8.	**OTHER CURRENT ASSETS**		
	Prepayments	**4,215**	46,101
	VAT receivable (net)	**39,805**	36,046
		44,020	82,147
9.	**OTHER FINANCIAL ASSETS**		
	Margin deposit at amortised cost	**50,000**	50,000

These are held as security against guarantees issued by the bank (note 25).

		2024	2023
10.	**CASH AND CASH EQUIVALENTS**		
	Bank balance in current account	**132,737**	7,781
11.	**SHARE CAPITAL**		
	Issued and paid up:		
	37 shares (previous year 25 shares) of AED 150,000 each held by IFB Agro Industries Limited, India.	**5,550,000**	3,750,000

During the year vide addendum to Memorandum and Articles of Association dated 6 November 2023, the issued and paid-up share capital of the Establishment has been increased from AED 3,750,000 to AED 5,550,000 by issuance of additional 12 shares of AED 150,000 each.

		2024	2023
12.	**PROVISION FOR STAFF END-OF-SERVICE BENEFITS**		
	Opening balance	**101,009**	154,734
	Provision for the year	**19,496**	36,654
	Paid during the year	--	(90,379)
	Closing balance	**120,505**	101,009
13.	**SHORT-TERM BORROWINGS**		
	Overdraft from United Arab Bank	--	1,682,397

Bank overdrafts in previous year were secured by way of:

- Stand by letter of credit from HDFC Bank- India for USD 530,000 (previous year USD 950,000)
- Promissory note covering total borrowing limits.

		2024	2023
		AED	AED
14.	**ACCRUALS AND OTHER PAYABLES**		
	Accruals	**19,345**	23,477
	Other payables	**39,472**	21,819
		58,817	45,296

The entire accruals and other payables are due for settlement within one year from the reporting date.

15.	**OTHER CURRENT LIABILITIES**		
	Accruals for staff benefits	**23,201**	22,459

16. RELATED PARTIES

The Establishment enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company, key management personnel and companies under common ownership and/or common management control.

At the reporting date, significant balances with related parties were as follows:

	Parent company	Key management personnel	Companies under common ownership and/or common management control	Total 2024	Total 2023
		AED	AED	AED	AED
Included in accruals for staff benefits	--	21,910	--	**21,910**	
	--	20,959	--		20,959
Provision for staff end-of-service benefits	--	120,505	--	**120,505**	
	--	98,595	--		98,595
Included in trade receivables	--	--	44,070	**44,070**	
	29,013	--	--		29,013
Included in other payables	21,848	--	12,497	**34,345**	
	--	--	12,497		12,497

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 24.

Significant transactions with related parties during the year were as follows:

	Parent company	Key management personnel	Companies under common ownership and common management control	Total 2024	Total 2023
	AED	AED	AED	AED	AED
Staff salaries and benefits	--	262,920	--	262,920	
	--	262,920	--		262,920
Staff end-of-service benefits	--	19,496	--	19,496	
	--	21,910	--		21,910
Service income from a related party	220,350	--	264,420	484,770	
	--	--	88,140		88,140
Revenue (commission income)	--	--	--	--	
	29,013	--	--		29,013
Recharge of expense by a related party	12,349	--	--	12,349	
	--	--	--		--

17. MANAGEMENT OF CAPITAL

The Establishment's objectives when managing capital are to ensure that the Establishment continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amount owing to third parties, net of cash and cash equivalents.

The Establishment is subject to externally imposed capital requirements as per Implementation Procedures issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995 (refer note 23).

Funds generated from internal accruals are retained in the business, according to the business requirements and to maintain capital at desired levels.

18. REVENUE

The Establishment generates revenue from the transfer of goods and services at a point in time. The disaggregated revenue from contracts with customers by geographical segments, type of goods and timing of revenue recognition is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Establishment's revenue and cash flows.

		2024	2023
		AED	AED
	Primary Geographical segments		
	- UAE	602,474	--
	- Asian countries	178,630	84,505
		781,104	84,505
	Major goods/service line		
	- Trading of frozen sea food	600,086	--
	- Commission income	181,018	84,505
		781,104	84,505
	Timing of revenue recognition		
	- At a point in time	781,104	84,505
19.	**DIRECT COSTS**		
	Purchases of inventory	566,299	--
20.	**OTHER INCOME**		
	Credit balance written back	--	5,731
	Service income from related parties	484,770	88,140
	Miscellaneous income	90	7,754
		484,860	101,625
21.	**SELLING AND ADMINISTRATIVE EXPENSES**		
	Staff salaries and benefits	333,920	587,334
	Staff end-of-service benefits	19,496	36,654
	Depreciation	5,393	6,668
	Short-term lease expenses	74,248	69,610
	Legal and professional charges	44,950	26,900
	Travelling expenses	11,639	37,446
	Other expenses	172,394	179,413
		662,040	944,025
22.	**FINANCE COSTS**		
	On overdrafts	31,443	81,476

23. SHARJAH AIRPORT FREE ZONE AUTHORITY REGULATIONS

As the net assets of the Establishment are below 75 percent of its share capital, in accordance with the Implementation Procedure issued by the Sharjah Airport Free Zone Authority pursuant to Law No. 2 of 1995, the Director is required to communicate to the Sharjah Airport Free Zone Authority and increase the net assets to meet the requirements of the law.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Classification and fair values

The net carrying amounts and fair values as at the reporting date of financial assets and financial liabilities are as follows:

	At amortised cost	
	2024	2023
	AED	AED
Financial assets		
Trade and other receivables	**140,971**	64,863
Other financial assets	**50,000**	50,000
Cash and cash equivalents	**132,737**	7,781
	323,708	122,644
Financial liabilities		
Short-term borrowings	--	1,682,397
Accruals and other payables	**58,817**	45,296
	58,817	1,727,693

Fair value measurement and disclosures

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of trade and other receivables, other financial assets, cash and cash equivalents, accruals and other payables and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial risk management

Risk management objectives

Risk is inherent in the Establishment's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Establishment's continuing profitability. The Establishment's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

The management of the Establishment reviews policies for managing each of these risks which are summarised below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Financial assets that potentially expose the Establishment to concentrations of credit risk comprise principally cash and cash equivalents, other financial assets and trade and other receivables.

The Establishment's bank accounts and margin deposit is placed with high credit quality financial institution.

The management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, the Establishment's maximum exposure to credit risk from due from related parties situated outside UAE is as follows:

	2024	2023
	AED	AED
India	**44,070**	44,438

At the reporting date 100% of trade receivables were due from two customers (previous year 100% of trade receivables were due from two customers).

At the reporting date, there is no significant concentration of credit risk from any specific industry as the Establishment's customers are from diverse industries.

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

Liquidity risk

Liquidity risk is the risk that the Establishment may encounter difficulty in meeting financial obligations due to shortage of funds. The Establishment's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Establishment's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Establishment's reputation. The Establishment manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Establishment limits its liquidity risk by ensuring adequate bank facilities are available.

The Establishment's financial liabilities are due for maturity in less than one year from the reporting date, based on contractual payment dates.

Market risk

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Establishment's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

Currency risk

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

The Establishment buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US Dollars to which the UAE Dirhams is pegged.

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

Short-term borrowings in the previous year were subject to floating interest rates at levels generally obtained in the UAE or are linked to LIBOR and are therefore exposed to cash flow interest rate risk.

In the previous year, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 16,824 higher or lower resulting in equity being lower or higher by that amount.

		2024	2023
		AED	AED
25.	**CONTINGENT LIABILITIES**		
	Bankers' letters of guarantee (note 9)	**50,000**	50,000

26. **CORPORATE TAX**

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the 'CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law is effective for the financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Establishment, current taxes shall be accounted for as appropriate in the financial statements for the accounting period beginning 1 April 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial year ended 31 March 2024.

Based on the information available to date, the Establishment has assessed the deferred tax implications for the year ended 31 March 2024 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that deferred tax implications are not expected to be material.

The Establishment shall continue to monitor critical Cabinet Decisions to determine the impact on the Establishment, from deferred tax perspective.

For **IFB AGRO MARINE (FZE)**

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