

Financial Statements and Independent Auditor's Report
Al Sallan Food Industries Company SAOC
31 March 2022

Contents

	Page No.
Independent Auditor's Report	1
Statement of financial position	4
Statement of profit or loss and other comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes	8-25

Independent Auditor's report

To the Shareholders of
Al Sallan Food Industries Company SAOC
P.O. Box 970
Postal Code 311
Sohar
Sultanate of Oman

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Sallan Food Industries Company SAOC (the "Company"), which comprise the statement of financial position as at 31 March 2022, 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 present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, 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.

Going Concern

We draw attention to Note 2.1 to the financial statements which indicates that as at 31 March 2022, the Company has accumulated losses of RO 3,557,153 (2021: RO 3,721,483) which has eroded its share capital and as of that date the Company's current liabilities exceeded its current assets by RO 2,408,513 (2021: RO 2,850,649). These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis on the strength of letter of financial support by Britannia International Limited, being the ultimate parent of the Company, to provide adequate unconditional financial support to the Company, whenever considered necessary, to meet its liabilities as and when they fall due. Our opinion is not modified in respect of this matter.

Independent Auditor's report (continued)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the disclosure requirements of the Capital Market Authority and the Commercial Companies Law of the Sultanate of Oman, 2019, as amended 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.

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 ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

Independent Auditor's report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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

In our opinion:

- The financial statements the Company for the year ended 31 March 2022 comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of the Sultanate of Oman, 2019, as amended; and
- The Company has maintained proper books of accounts and the accompanying financial statements are in agreement therewith.



Nasser Al Mugheiry
Licence No. L1024587
ABU TIMAM
(Chartered Certified Accountants)



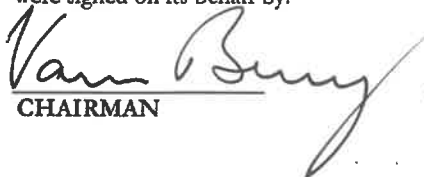
29 April 2022

Statement of financial position

as at 31 March 2022

	Notes	31 March 2022 RO	31 March 2021 RO
ASSETS			
Non-current assets:			
Property, plant and equipment	5	1,406,407	1,601,591
Right-of-use asset	6	565,121	585,485
Total non-current assets		1,971,528	2,187,076
Current assets:			
Inventories	7	1,297,586	1,236,073
Other receivables	8	417,659	298,850
Cash and cash equivalents	9	239,262	249,968
Amounts due from related parties	13.2	221,319	449
Total current assets		2,175,826	1,785,340
Total assets		4,147,354	3,972,416
EQUITY AND LIABILITIES			
Share capital	10	2,000,000	2,000,000
Legal reserve	11	224,162	205,903
Accumulated losses		(3,557,153)	(3,721,483)
Total equity		(1,332,991)	(1,515,580)
LIABILITIES			
Non-current liabilities:			
Lease liability	6	614,162	607,707
Staff terminal benefits	12	281,844	244,300
Total non-current liabilities		896,006	852,007
Current liabilities:			
Amount due to a related party	13.2	147,238	860,827
Term loan from a related party	13.3	1,925,200	1,925,200
Trade and other payables	14	2,511,901	1,849,962
Total current liabilities		4,584,339	4,635,989
Total liabilities		5,480,345	5,487,996
Total equity and liabilities		4,147,354	3,972,416

These financial statements on pages 4 to 25 were approved by the Board of Directors on 29 April 2022 and were signed on its behalf by:


CHAIRMAN


VICE CHAIRMAN


DIRECTOR

The accompanying notes on pages 8 to 25 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Revenue	15	10,198,324	10,563,450
Cost of revenue	16	(8,584,705)	(8,750,225)
Gross profit		1,613,619	1,813,225
Other income		15,092	16,237
General and administrative expenses	17	(681,001)	(682,975)
Selling and distribution expenses	18	(611,015)	(458,667)
Other operating expenses	19	(55,107)	(100,929)
Profit from operations		281,588	586,891
Finance costs	20	(98,999)	(111,372)
Profit before tax		182,589	475,519
Income tax	21	-	-
Profit for the year		182,589	475,519
Other comprehensive income for the year		-	-
Total comprehensive profit for the year		182,589	475,519

The accompanying notes on pages 8 to 25 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

Statement of changes in equity

for the year ended 31 March 2022

	Share capital RO	Legal reserve RO	Accumulated losses RO	Total RO
At 1 April 2020	2,000,000	158,351	(4,149,450)	(1,991,099)
Profit for the year	-	-	475,519	475,519
<i>Total comprehensive income for the year</i>	-	-	475,519	475,519
Transfer to legal reserve	-	47,552	(47,552)	-
At 31 March 2021	2,000,000	205,903	(3,721,483)	(1,515,580)
At 1 April 2021	2,000,000	205,903	(3,721,483)	(1,515,580)
Profit for the year	-	-	182,589	182,589
<i>Total comprehensive income for the year</i>	-	-	182,589	182,589
Transfer to legal reserve	-	18,259	(18,259)	-
At 31 March 2022	2,000,000	224,162	(3,557,153)	(1,332,991)

The accompanying notes on pages 8 to 25 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

Statement of cash flows

for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Cash flows from operating activities:			
Profit for the year before tax		182,589	475,519
Adjustments for:			
Depreciation on property, plant and equipment	5	234,891	238,580
Depreciation on right-of-use asset	6	20,364	20,364
Provision for slow moving and obsolete inventories	7.1	9,561	14,946
Provision for staff terminal benefits	12	44,646	53,067
Finance costs	20	98,999	111,372
Operating profit before working capital changes		591,050	913,848
Changes in working capital:			
Inventories		(71,074)	(54,022)
Other receivables		(118,809)	(18,708)
Trade and other payables		661,939	(35,890)
Amount due to a related party		(713,589)	76,786
Amounts due from related parties		(220,870)	(449)
Cash generated from operations		128,647	881,565
Staff terminal benefits paid	12	(7,102)	(48,580)
Finance costs paid		(77,859)	(90,451)
Net cash generated from operating activities		43,686	742,534
Cash flows from investing activities:			
Purchases of property, plant and equipment		(39,707)	(244,008)
Net cash used in investing activities		(39,707)	(244,008)
Cash flows from financing activities:			
Repayment of term loan- related party		-	(384,800)
Lease rentals paid		(14,685)	(14,685)
Net cash used in financing activities		(14,685)	(399,485)
Net (decrease)/increase in cash and cash equivalents		(10,706)	99,041
Cash and cash equivalents at the beginning of the year		249,968	150,927
Cash and cash equivalents at the end of the year	9	239,262	249,968

The accompanying notes on pages 8 to 25 form an integral part of these financial statements.

The report of the Auditor is set forth on page 1.

Notes

(forming part of the financial statements)

1 Nature of operations

Al Sallan Food Industries Company SAOC (the “Company”) is registered as a closed joint stock company in the Sultanate of Oman and is primarily engaged in manufacture and selling of cookies, fruit filled rolls, chocolates and biscuits.

2 General information and statement of compliance with IFRSs

Al Sallan Food Industries Company SAOC (the “Company”) is a closed joint stock Company registered under registration no. 3157580 in the Sultanate of Oman, on 17 October 1994 in accordance with the Commercial Companies Law of the Sultanate of Oman, 2019, as amended.

The Company is a subsidiary of Britannia and Associates (Dubai) Pvt. Company Ltd. who owns 65.46% shares of the Company. The ultimate parent of the Company is Britannia Industries Limited, India.

The registered address of the Company is P.O. Box 970, Postal Code 311, Sultanate of Oman.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

2.1 Basis of preparation

The Company has accumulated losses as at 31 March 2022 amounting to RO 3,557,153 (2020: RO 3,721,483) which has resulted in erosion of the share capital of the Company. Further, as at that date, the current liabilities amounting to RO 4,584,339 exceeded the current assets amounting to RO 2,175,826 by RO 2,408,513 (2021: RO 2,850,649). These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

Management believes that it is appropriate to prepare the financial statements on a going concern basis and due to:

- Actions implemented by management which include better utilisation of production capacity and driving aggressive cost efficiencies in manufacturing, supply chain, recipes and procurement.
- Britannia International Ltd (ultimate parent company) has confirmed to provide continuing financial support to the Company for as long as required.

Consequently, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that might be necessary if such additional resources are not available and the Company is unable to continue as a going concern.

Notes

(forming part of the financial statements)

3 New or revised Standards or Interpretations

3.1 New and revised Standards that are effective for annual periods beginning on or after 1 April 2021

Some accounting pronouncements which have become effective since 1 April 2021 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

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

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

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

4 Summary of accounting policies

4.1 Overall considerations

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

The significant accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

4.2 Presentation of financial statements

The Company's financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements*.

4.3 Foreign currency translation

Functional and presentation currency

The financial statements are presented in the Rial Omani (RO) which is also the functional currency of the Company.

Foreign currency transaction and balances

Foreign currency transactions are translated into the presentation currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items of statement of financial position at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income under 'other income' or 'other expenses'.

In the Company's financial statements, all items and transactions of the Company with a transaction currency other than the Rial Omani (the Company's presentation currency) were translated into the presentation currency. Assets and liabilities have been translated into the Rial Omani at the closing rate at the reporting date.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.4 Revenue recognition

The Company is engaged in manufacturing and selling of cookies, fruit filled rolls, chocolates and biscuits to a related party, Strategic Food Industries Company LLC (SFIC), based in UAE. To determine whether to recognise revenue, the Company follows five step process:

Step 1: Identify the contract(s) with a customer

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

Step 2: Identify the performance obligations in the contract

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price

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

Step 4: Allocate the transaction price to the performance obligations in the contract

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

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

The Company manufactures and sells a range of biscuits and cookies and related products. Revenue is recognised when control of the products is transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss has been transferred to the related party (SFIC), and either the related party has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

4.5 Operating expenses

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

4.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand at bank and cash at bank which are subject to an insignificant risk of changes in value.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.7 Equity and reserves

Share capital is determined using the nominal value of shares that have been issued.

Accumulated losses include all current and prior year results as disclosed in the statement of changes in equity.

All transactions with the Shareholders of the Company are recorded separately within statement of changes in equity.

4.8 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of the land. The rental contract for land is for 30 years. The Company does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use the Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

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

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

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.8 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use assets, or profit or loss if the right-of-use assets are already reduced to zero.

On the statement of financial position, the right-of-use assets and lease liabilities are presented as a separate line item.

The Company as a lessor

As a lessor, the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

4.9 Inventories

Inventories of the Company comprise of finished goods, raw materials, work in progress and packing materials and are stated at lower of cost or net realisable value. Cost of raw materials is determined on weighted average cost basis. Cost includes the expenditure incurred in acquiring the inventories and bringing them to the existing location and condition less of discounts and rebates. Cost of finished goods comprises of cost of material, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Where necessary, provision is made for obsolete, slow moving and defective inventories.

4.10 Income tax

Income tax comprises of current tax and deferred tax. Income tax is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases.

In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.11 Financial instruments

Recognition, initial measurement and derecognition

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

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

Classification and initial measurement of financial assets

The Company determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company determines its business model at the level that best reflects how it manages group of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Contractual cash flow characteristics test

The Company assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. The Company reclassifies a financial asset when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's financial asset measured at amortized cost are amounts due from related parties and cash and cash equivalents.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.11 Financial instruments (continued)

Impairment of financial assets

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

Recognition of credit losses requires the Company to consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2');

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

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

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

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables, amount due to a related party and term loan from a related party which are measured at amortised cost.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of profit or loss and other comprehensive income under its line items 'finance costs' or 'finance income'.

4.12 Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company. Property, plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.12 Property, plant and equipment (continued)

The estimated useful lives are:

• Building	30 years
• Plant and machinery	30 years
• Furniture and fixtures	4 years
• Equipment and tools	5 years
• Motor vehicles	4 years

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

An asset carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognised within 'other income' or 'other expenses' in the statement of profit or loss and other comprehensive income.

4.13 Staff terminal benefits

The provision for staff terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the reporting date, having regard to the requirements of the Oman Labour Law, 2003 and the Social Security Law, 1991.

Government of Oman Social Insurance Scheme (the Scheme)

The Company contributes to the Scheme for all Omani employees. The Scheme, which is a defined contributions retirement plan, is administered by the Government of Oman. The Company and Omani employees are required to make monthly contributions to the Scheme at applicable rates on gross salaries.

Non-Omani employee terminal benefits

The provision for end of service benefits for non-Omani employees is made in accordance with the requirements of the Oman Labour Law of 2003. Employees are entitled to end of service benefits calculated at the rate of 15 days basic salary for each of the first three years of continuous service and at a rate of 30 days basic salary for each year of continuous service following the first three years. This is an unfunded defined benefits retirement plan. Accrued non-Omani staff terminal benefits are payable on termination of employment.

4.14 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.14 Provisions, contingent liabilities and contingent assets (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate of management.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.15 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. At 31 March 2022, management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analysed in Note 5 and Note 6.

Income tax

Uncertainties exist with respect to interpretation of the tax regulations and the amount of timing of future taxable income. Given the wide range of business relationship and nature of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimate, for possible consequences of the finalisation of the tax assessment of the Company. The amount of such provision is based on various factors, such as experience of previous assessment and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Notes

(forming part of the financial statements)

4 Summary of accounting policies (continued)

4.15 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

5 Property, plant and equipment

	Buildings RO	Plant and machinery RO	Furniture and fixtures RO	Equipment and tools RO	Motor vehicles RO	Capital work in progress RO	Total RO
Cost:							
At 1 April 2021	2,364,993	5,751,989	177,209	65,466	78,984	188,143	8,626,784
Additions during the year	-	30,667	-	4,716	-	4,324	39,707
Transfers during the year	-	188,143	-	-	-	(188,143)	-
At 31 March 2022	2,364,993	5,970,799	177,209	70,182	78,984	4,324	8,666,491
Depreciation:							
At 1 April 2021	1,863,005	4,850,068	172,663	60,473	78,984	-	7,025,193
Provided during the year	64,384	165,330	1,422	3,755	-	-	234,891
At 31 March 2022	1,927,389	5,015,398	174,085	64,228	78,984	-	7,260,084
Net book value:							
At 31 March 2022	437,604	955,401	3,124	5,954	-	4,324	1,406,407
Cost:							
At 1 April 2020	2,364,993	5,696,487	182,759	63,891	78,984	3,259	8,390,373
Additions during the year	-	52,243	2,047	1,575	-	188,143	244,008
Transfers during the year	-	3,259	-	-	-	(3,259)	-
Disposals during the year	-	-	(7,597)	-	-	-	(7,597)
At 31 March 2021	2,364,993	5,751,989	177,209	65,466	78,984	188,143	8,626,784
Depreciation:							
At 1 April 2020	1,798,583	4,686,597	177,227	57,314	74,489	-	6,794,210
Provided during the year	64,422	163,471	3,033	3,159	4,495	-	238,580
Relating to disposals	-	-	(7,597)	-	-	-	(7,597)
At 31 March 2021	1,863,005	4,850,068	172,663	60,473	78,984	-	7,025,193
Net book value:							
At 31 March 2021	501,988	901,921	4,546	4,993	-	188,143	1,601,591

Notes

(forming part of the financial statements)

6 Right-of-use asset and lease liability

The Company has a lease for land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

As per IFRS 16, interest rate implicit in the lease should be used to discount present value of lease payments. In absence of implicit rate, the Company's incremental borrowing rate is used.

Movement in right-of-use asset is as follows:

	31 March 2022 RO	31 March 2021 RO
As at 1 April	585,485	605,849
Less: depreciation during the year	(20,364)	(20,364)
As at 31 March	565,121	585,485

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

	31 March 2022 RO	31 March 2021 RO
Lease liability	614,162	607,707

The following are the amounts recognised in statement of profit or loss and other comprehensive income:

	31 March 2022 RO	31 March 2021 RO
Depreciation on right-of-use asset	20,364	20,364
Interest expense on lease liability (Note 20)	21,141	20,922
	41,505	41,286

Minimum lease payments	Within 1 year RO	2-5 years RO	After 5 years RO	Total RO
31 March 2022				
Lease payments	14,686	146,860	843,326	1,004,872
Finance charges	(21,613)	(106,508)	(262,589)	(390,710)
Net present values	(6,927)	40,352	580,737	614,162

Minimum lease payments	Within 1 year RO	2-5 years RO	After 5 years RO	Total RO
31 March 2021				
Lease payments	14,685	91,788	927,770	1,034,243
Finance charges	(21,141)	(86,129)	(319,266)	(426,536)
Net present values	(6,456)	5,659	608,504	607,707

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

Right-of-use asset	No of right-of-use assets leased	Range of remaining term	No of leases with extension Options	No of leases with options to purchase	No of leases With variable payments linked to an index	No of leases with termination Options
Land	1	28 years	1	0	0	0

Notes

(forming part of the financial statements)

7 Inventories

	31 March 2022 RO	31 March 2021 RO
Raw material	585,499	586,961
Spare parts and consumables	191,003	204,215
Finished goods and work-in-progress	74,598	48,867
Packing materials	469,506	428,199
	1,320,606	1,268,242
Less: provision for slow moving and obsolete inventories (Note 7.1)	(23,020)	(32,169)
	1,297,586	1,236,073

7.1 Movement in the provision for slow moving and obsolete inventories

	31 March 2022 RO	31 March 2021 RO
Opening balance	32,169	41,613
Charge during the year	9,561	14,946
Written off during the year	(18,710)	(24,390)
	23,020	32,169

8 Other receivables

	31 March 2022 RO	31 March 2021 RO
Non-financial assets:		
Prepayments and deposits	271,397	246,172
Advance to suppliers	49,854	39,144
Staff advances	21,260	13,534
Other receivables	75,148	-
	417,659	298,850

All amounts are short-term. The net carrying value of other receivables is considered a reasonable approximation of fair value.

9 Cash and cash equivalents

	31 March 2022 RO	31 March 2021 RO
Cash at bank	233,477	246,239
Cash in hand	5,785	3,729
	239,262	249,968

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

10 Share capital

	31 March 2022 RO	31 March 2021 RO
2,000,000 fully paid up shares of RO 1 each	2,000,000	2,000,000

The Shareholder of the Company who owns 10% or more of the Company's shares and the number of shares they held as at 31 March 2022 and 2021 are as follows:

	Number of shares	% Holding	RO
Britannia and Associates (Dubai) Pvt Company Limited	1,309,280	65.46%	1,309,280

Notes

(forming part of the financial statements)

11 Legal reserve

In accordance with the Article 132 of the Commercial Companies Law of the Sultanate of Oman, 2019, as amended, annual appropriations of 10% of the profit for the year are made to this reserve until the accumulated balance of the reserve is equal to one-third of the value of the Company's paid-up share capital. This reserve is not available for distribution to the Shareholders. During the year, an amount of RO 18,259 has been transferred to legal reserve (2021: RO 47,552).

12 Staff terminal benefits

	31 March 2022 RO	31 March 2021 RO
At 1 April	244,300	239,813
Provided during the year	44,646	53,067
Less: paid during the year	(7,102)	(48,580)
At 31 March	281,844	244,300

13 Related party transactions and balances

A party is considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence.

Related parties of the Company include entities over which the Company exercises significant influence, major shareholders, directors and executive management of the Company.

13.1 Transactions with related parties

The Company in the normal course of operation carries on transactions with business enterprises that fall within the definition of a related party.

The details of related party transactions are as follows:

	Year ended 31 March 2022 RO	Year end 31 March 2021 RO
Sales (Note 15)	10,185,172	10,563,450
Purchases	370	11,593
Finance cost (Note 20)	66,504	74,372

13.2 Balances with related parties

	31 March 2022 RO	31 March 2021 RO
Amounts due from related parties:		
Britannia Industries Limited, India	43,868	449
Khimji Ramdas LLC, Oman	177,451	-
	221,319	449

	31 March 2022 RO	31 March 2021 RO
Amount due to a related party:		
Strategic Foods International Company LLC (SFIC), UAE	147,238	860,773
Khimji Ramdas LLC, Oman	-	54
	147,238	860,827

The amounts due from/to related parties are unsecured, bears no interest and have no fixed repayment terms.

Notes

(forming part of the financial statements)

13 Related party transactions and balances (continued)

13.3 Term loan from a related party

	31 March 2022 RO	31 March 2021 RO
Britannia and Associates (Dubai) PVT Company Limited	1,925,200	1,925,200

Term loan is from a related party, Britannia and Associates (Dubai) PVT Company Limited (“BADCO”), and it carries average annual interest at the rate of 3.455%.

14 Trade and other payables

	31 March 2022 RO	31 March 2021 RO
Financial liabilities:		
Trade payables	1,761,389	1,297,867
Accrued expenses	552,152	451,877
Other payables	198,360	100,218
	2,511,901	1,849,962

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

15 Revenue

	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Sale of biscuits and cookies	10,198,324	10,563,450

99.9 % (2021: 100 %) of the Company’s sales are to a related party majorly to Strategic Foods International Company LLC (SFIC), based in the UAE.

16 Costs of revenue

	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Cost of materials consumed	6,411,318	6,524,481
Salaries and related costs	1,672,352	1,761,321
Depreciation (Notes 5 & 6)	255,255	258,944
Other direct costs	245,780	205,479
	8,584,705	8,750,225

17 General and administrative expenses

	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Salaries and related costs	583,364	522,570
Utilities expenses	47,016	50,674
Printing and stationery expenses	17,572	19,549
Vehicle maintenance expenses	11,262	20,273
Rent expense	390	3,370
Miscellaneous expenses	21,397	66,539
	681,001	682,975

Notes

(forming part of the financial statements)

18 Selling and distribution expenses

	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Freight charges	376,794	457,934
Advertising and sales promotion	231,807	-
Travelling expenses	2,414	733
	611,015	458,667

19 Other operating expenses

	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Lab expenses	18,553	24,602
Repair and maintenance charges	18,287	31,411
Legal and professional charges	16,955	43,186
Insurance expenses	1,312	1,730
	55,107	100,929

20 Finance costs

	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Interest expense on term loan	66,504	74,372
Interest expense on lease liability	21,141	20,922
Bank charges	11,354	9,560
Foreign exchange loss	-	6,518
	98,999	111,372

21 Income tax

(a) Recognised in the statement of profit or loss and other comprehensive income and the statement of financial position

The Company is subject to income tax at the rate of 15% of the taxable income in accordance with the Income Tax Law of the Sultanate of Oman (2021: 15%).

	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Income tax expense comprises:		
Current year tax expense	-	-
Statement of financial position:		
Income tax payable	-	-

Notes

(forming part of the financial statements)

21 Income tax (continued)

b) Reconciliation of income tax expense

	Year ended 31 March 2022 RO	Year ended 31 March 2021 RO
Profit before tax	182,589	475,519
Add:		
Accounting depreciation	234,891	238,580
Depreciation on rights-of-use assets	20,364	20,364
Provision for slow moving and obsolete inventories	23,020	32,169
Interest expense on lease liabilities	21,141	20,922
Tax consultancy charges	7,923	11,086
	489,928	798,640
Deduct:		
Tax depreciation	(172,633)	(144,663)
Provision for slow moving and obsolete inventories	(32,169)	(41,613)
Rent concession income	(3,672)	(3,672)
Lease rental expense during the year	(11,015)	(11,014)
Taxable profit	270,439	597,678
Tax loss utilised	(270,439)	(597,678)
Tax base	-	-
Tax rate	15%	15%
Income tax expense	-	-

c) Available carried forward tax losses

	31 March 2022 RO	31 March 2021 RO
Available tax losses b/d	3,294,931	3,892,609
Tax loss utilised	(270,439)	(597,678)
Available tax losses c/f	3,024,492	3,294,931

d) Deferred tax (assets)/liabilities

	1 April 2021 RO	Recognised in profit or loss RO	31 March 2022 RO
Deferred tax liability/(asset):			
Property, plant and equipment	(136,907)	9,351	(127,556)
Provision for inventories	4,825	(1,372)	3,453
Right of use asset and finance lease liabilities	4,987	4,023	9,008
Losses expected to be utilized in future	127,096	(12,001)	115,095
Deferred tax liability	-	-	-

	1 April 2020 RO	Recognised in profit or loss RO	31 March 2021 RO
Deferred tax liability/(asset):			
Property, plant and equipment	(150,994)	14,087	(136,907)
Provision for inventories	6,241	(1,417)	4,825
Right of use asset and finance lease liabilities	996	3,991	4,987
Losses expected to be utilized in future	143,757	(16,661)	127,096
Deferred tax liability	-	-	-

Notes

(forming part of the financial statements)

21 Income tax (continued)

e) Current status of tax assessments

The Company's taxation assessments have been finalised with the Secretariat General for Taxation up to 2018. At the end of the reporting date, the management consider that the amount of additional taxes, if any, that may become payable on finalisation of the unassessed tax years would not be material to the Company's financial position.

22 Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

22.1 Market risk analysis

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company does not have any financial instrument which is exposed to market risk.

22.2 Credit risk analysis

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk from financial assets including cash held at bank.

The Company has following types of financial assets that are subject to the expected credit loss model:

- cash at bank
- amounts due from related parties

Although cash at bank and amounts due from related parties are subject to impairment requirement of IFRS 9, but the identified impairment loss was not material and therefore has not been considered in the financial statements.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised as at 31 March 2022 as summarised below:

	31 March 2022 RO	31 March 2021 RO
Cash at bank	233,477	246,239
Amounts due from related parties	221,319	449
	454,796	246,688

22.3 Liquidity risk analysis

Liquidity risk also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Notes

(forming part of the financial statements)

22 Financial instrument risk (continued)

Risk management objectives and policies (continued)

22.3 Liquidity risk analysis (continued)

The Company's maximum exposure to liquidity risks is limited to the carrying amount of financial liabilities recognised at the reporting date, as summarised below:

	31 March 2022 RO	31 March 2021 RO
Term loan – related party	1,925,200	1,925,200
Trade and other payables	2,511,901	1,849,962
Amount due to a related party	147,238	860,827
	4,584,339	4,635,989

This maturity of the Company's undiscounted financial liabilities as at 31 March 2022 are as follows:

	Within 6 months RO	6 to 12 Months RO	Later than 1 year RO	Total RO
Term loan – related party	-	1,925,200	-	1,925,200
Trade payables	1,761,389	-	-	1,761,389
Amount due to a related party	147,238	-	-	147,238
Other payables	750,512	-	-	750,512
	2,659,139	1,925,200	-	4,584,339

This compares to the maturity of the Company's undiscounted financial liabilities in the previous reporting period as follows:

	Within 6 months RO	6 to 12 Months RO	Later than 1 year RO	Total RO
Term loan – related party	-	1,925,200	-	1,925,200
Trade payables	1,297,867	-	-	1,297,867
Amounts due to related parties	860,827	-	-	860,827
Other payables	552,095	-	-	552,095
	2,710,789	1,925,200	-	4,635,989

23 Commitments and contingent liabilities

23.1 Contingent Liabilities

At the end of the reporting period, the Company had contingent liabilities in respect of bank guarantee amounting to RO 95,000 (2021: Nil).

23.2 Commitments

There are no commitments as at 31 March 2022 (2021: Nil).

24 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to the Shareholders by pricing services commensurately with the level of risk.