Statement of financial position

As at March 31, 2022

	Notes	**2022 AED**	2021 AED
ASSETS			
Non-current			
Property, plant and equipment	5	**11,056,813**	12,653,598
Right-of-use asset	6	**1,409,689**	2,114,545
Long term deposit	10	**-**	14,692,500
Financial assets	11	**8,295,679**	-
		20,762,181	29,460,643
Current			
Inventories	7	**4,852,889**	3,432,564
Amounts due from related parties	8	**11,361,700**	11,247,437
Trade and other receivables	9	**31,491,600**	30,337,615
Financial assets	11	**1,873,080**	-
Cash and cash equivalents	10	**42,511,672**	22,708,038
		92,090,941	67,725,654
TOTAL ASSETS		**112,853,122**	97,186,297
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12.1	**19,500,000**	19,500,000
Statutory reserve	12.2	**9,750,000**	9,750,000
Contributed capital	12.3	**20,000,000**	20,000,000
Accumulated losses		**(739,377)**	(2,437,638)
TOTAL EQUITY		**48,510,623**	46,812,362
LIABILITIES			
Non-current			
Finance lease liabilities	14	**742,035**	1,462,220
Employees' end of service benefits	15	**3,832,568**	3,275,819
		4,574,603	4,738,039
Current			
Trade and other payables	16	**48,044,508**	33,933,715
Finance lease liabilities	14	**720,185**	698,978
Loan from the Holding Company	8	**11,003,203**	11,003,203
		59,767,896	45,635,896
TOTAL LIABILITIES		**64,342,499**	50,373,935
TOTAL EQUITY AND LIABILITIES		**112,853,122**	97,186,297

These financial statements (including comparatives) were approved by the Board of Directors on April 29, 2022 and were signed on their behalf by:

Sd/-	Sd/-	Sd/-
Mr. Vishal Bhimani Director	Annu Gupta Director	Varun Berry Managing Director

The accompanying notes from 1 to 24 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended March 31, 2022

	Notes	2022 AED	2021 AED
Revenue		**185,657,958**	203,928,393
Cost of sales	17	**(136,811,491)**	(140,447,429)
Depreciation	5 & 6	**(2,407,866)**	(2,364,921)
GROSS PROFIT		**46,438,601**	61,116,043
Administrative, selling and general expenses	18	**(45,344,757)**	(46,080,919)
Depreciation	5	**(76,490)**	(97,106)
Finance income/(cost) – net	19	**352,825**	(183,586)
Other income	20	**831,214**	884,379
Net unrealised loss on financial asset	11	**(503,133)**	-
Net profit for the year		**1,698,260**	15,638,811
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,698,260**	15,638,811

The accompanying notes from 1 to 24 form an integral part of these financial statements.

Statement of changes in equity
For the year ended March 31, 2022

	Share capital AED	Statutory reserve AED	Contributed capital AED	Accumulated losses AED	Total equity AED
Balance at April 01, 2020	19,500,000	9,750,000	20,000,000	(18,076,449)	31,173,552
Net profit for the year	-	-	-	15,638,811	15,638,811
Balance at March 31, 2021	19,500,000	9,750,000	20,000,000	(2,437,638)	46,812,363
Net profit for the year	-	-	-	1,698,260	1,698,260
Balance at March 31, 2022	**19,500,000**	**9,750,000**	**20,000,000**	**(739,377)**	**48,510,623**

The accompanying notes from 1 to 24 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2022

	Notes	2022 AED	2021 AED
OPERATING ACTIVITIES			
Net profit for the year		**1,698,260**	15,638,811
Adjustments for			
Depreciation on property, plant and equipment	5	**1,779,499**	1,757,171
Depreciation on right-of-use	6	**704,856**	704,856
Finance cost	19	**439,817**	805,481
Interest income on bank deposits	19	**(458,661)**	(621,895)
Interest income on financial assets	19	**(333,981)**	
Provision for obsolete inventories - net	7	**32,380**	146,814
Net unrealised loss on financial asset	11	**503,133**	
Loss on disposal of property, plant and equipment		**-**	215
Provision for employees' end of service benefits	15	**568,586**	491,497
		4,933,889	18,922,950
Changes in working capital			
Inventories		**(1,452,704)**	349,259
Amounts due from related parties		**(114,263)**	(2,466,814)
Amounts due to related parties		**-**	(823,309)
Trade and other receivables		**(1,153,985)**	1,747,030
Trade and other payables		**14,110,793**	(3,165,141)
Cash generated from operations		**16,323,730**	14,563,975
Finance cost paid	19	**(382,795)**	(727,878)
End of service benefits paid	15	**(11,837)**	(717,973)
Net cash from operating activities		**15,929,098**	13,118,124
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(182,714)**	(233,787)
Interest received on bank deposit	19	**458,661**	623,565
Interest received on financial assets	19	**333,981**	-
Proceeds from fixed deposit		**14,692,500**	-
Purchase of financial assets		**(10,671,892)**	-
Net cash from investing activities		**4,630,536**	389,778
FINANCING ACTIVIIES			
Repayment of finance lease liability	14	**(756,000)**	(756,000)
Repayment of loan to the Holding Company	8	**-**	(7,345,000)
Net cash used in financing activities		**(756,000)**	(8,101,000)
Net change in cash and cash equivalents		**19,803,634**	5,406,902
Cash and cash equivalents, beginning of year		**22,708,038**	17,301,136
Cash and cash equivalents, end of year	10	**42,511,672**	22,708,038

The accompanying notes from 1 to 24 form an integral part of these financial statements.

Notes to the financial statements
For the year ended March 31, 2022

1 Legal status and nature of operations

Strategic Foods International Co. LLC ("the Company") is a limited liability company registered in the Emirate of Dubai in accordance with the provision of the UAE Federal Law No. (2) of 2015, as amended, under Trade license No. 300667.

The Company is engaged in the manufacturing of biscuit and wafers. The Company's registered office address is PO Box 53193, Dubai, United Arab Emirates.

The Company is owned by Britannia and Associates (Dubai) Pvt. Company Ltd ("the Holding Company"). The Company's Ultimate Holding Company is The Bombay Burmah Trading Corporation Limited, a company registered, and listed on the National Stock Exchange and the Bombay Stock Exchange, in India.

Federal Law by Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on September 20, 2021 with an effective date of January 2, 2022, and will entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provision of the New Companies Law.

2 Statement of compliance

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

3 Standards, interpretations and amendments to existing standards

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

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

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16-Leases. The amendment provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is ongoing, the IASB, on March 31, 2021, extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021.

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

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

Other standards, amendments and interpretations that are not yet effective and have not been adopted early by the Company include:

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

These standards, amendments and interpretations are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

4 Summary of significant accounting policies

4.1 Overall considerations

The significant accounting policies summarized below have been used in the preparation of these financial statements and are consistent with those used in the previous year.

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Foreign currency

Functional currency

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

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are measured at historical cost and are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.3 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's management.

The cost of an item of property and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each item of property and equipment. The estimated useful lives are as follows:

Leasehold land	5 years
Building	20 years
Plant and machinery	20 years
Furniture, fixtures and equipment	4 years
Motor vehicles	4 years

The residual value and the useful life of each asset are reviewed at each financial year end. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

4 Summary of significant accounting policies (continued)

4.3 Property, plant and equipment (continued)

The depreciation charge for each year is recognized in statement of comprehensive income unless it is included in the carrying amount of another asset.

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.

4.4 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, 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 has expired.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as described below:

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

As at the reporting date, the Company's financial assets comprise trade and other receivables, amounts due from related parties and cash and cash equivalents. Discounting is omitted where the effect of discounting is immaterial.

All income and expenses relating to financial assets measured at amortised cost are recognised in statement of comprehensive income and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Financial assets represent the Company's investments in quoted bonds with varied coupon rates. The instrument is classified as fair value through profit and loss (FVPL) since the business model of the Company is to hold the debt instrument to collect contractual cash flow.

4 Summary of significant accounting policies (continued)

4.4 Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

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 requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Company considers a broad 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, amounts due to related parties, loan from Holding Company and finance lease liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within 'finance income or finance costs'.

Offsetting financial instruments

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

4 Summary of significant accounting policies (continued)

4.5 Inventories

Inventories are stated at the lower of cost or net realisable value.

Trading goods, raw materials and packing materials cost comprises of purchase cost and other costs incurred in bringing the raw material to their present location and condition. Finished goods cost comprises of direct material cost, direct labour and an appropriate share of production overheads based on normal operating capacity.

The cost of inventories is assigned using weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Provision is made for obsolete items based on management's judgment.

When inventories are sold, the carrying amounts of those inventories are recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

4.6 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and cash in bank and are initially and subsequently recorded at fair value.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

4.7 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include all current and prior period retained profits and losses.

The contributed capital represents the capital contributed by the shareholders which is considered perpetual as the settlement is at the sole discretion of the Company.

All transactions with owners of the Company are recorded separately within equity.

Statutory reserve is required to be created by UAE Federal Law No. (2) of 2015, as amended, and laws applicable in which the Company operates.

4.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

4 Summary of significant accounting policies (continued)

4.8 Employee benefits (continued)

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service year as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the year of employment.

4.9 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts 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.

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. Provisions are discounted to their present values, where the time value of money is material.

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.

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

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

4.10 Leases

The Company as a lessee

At lease commencement date, 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;
- 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.

4 Summary of significant accounting policies (continued)

4.10 Leases (continued)

Measurement and recognition of leases as a lessee

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

The Company depreciates the right-of-use 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 asset or the end of the lease term. The Company also assesses the right-of-use asset 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.

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 asset, or profit and loss if the right-of-use asset is already reduced to zero.

The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to the statement of profit or loss, as finance costs over the period of the lease.

The Company as a lessor

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.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance lease are recognized as receivable at the amount of the net investment in finance leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return the company's net investment outstanding in respect of the leases.

4.11 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. Five-step model, explained below, which will apply to revenue arising from contracts with customers.

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

4 Summary of significant accounting policies (continued)

4.11 Revenue (continued)

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

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods 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 Company satisfies a performance obligation.

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

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as 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.

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

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations

When the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

4.12 Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or at the date of their origin.

4.13 Value-Added Tax (VAT)

Revenue, expenses and assets are recognised net of the amount of VAT, if applicable. When VAT from sales (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognised as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of services (output VAT), the excess is recognised as an asset in the statement of financial position to the extent of the recoverable amount.

4 Summary of significant accounting policies (continued)

4.14 Significant management judgments and estimates in applying accounting policies

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

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected use of the assets by the Company. Actual results, however, may vary due to technical obsolescence of certain equipment.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Provision for obsolete inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to technology changes which may cause selling prices to change rapidly. Moreover, future realisation of the carrying amounts of inventory assets is affected by price changes in different market segments.

4 Summary of significant accounting policies (continued)

4.14 Significant management judgments and estimates in applying accounting policies (continued)

Determining the lease term of contracts with renewal options

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

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

5 Property, plant and equipment

	Buildings	Plant and machinery	Motor vehicle	Furniture, fixtures and equipment	Total
	AED	**AED**	**AED**	**AED**	**AED**
2022					
Gross carrying amount					
Balance at April 1, 2021	24,880,659	87,305,527	420,958	4,799,498	117,406,642
Additions during the year	-	14,600	-	168,114	182,714
Written off during the year	-	-	-	(141,965)	(141,965)
Balance at March 31, 2022	24,880,659	87,320,127	420,958	4,825,647	117,447,391
Accumulated depreciation					
Balance at April 1, 2021	24,747,333	75,110,502	342,353	4,552,856	104,753,044
Charge for the year	17,000	1,613,302	35,740	113,457	1,779,499
Written off during the year	-	-	-	(141,965)	(141,965)
Balance at March 31, 2022	24,764,333	76,723,804	378,093	4,524,348	106,390,578
Net carrying amount at March 31, 2022	**116,326**	**10,596,323**	**42,865**	**301,299**	**11,056,813**

5 Property, plant and equipment (continued)

	Buildings	Plant and machinery	Motor vehicle	Furniture, fixtures and equipment	Total
	AED	AED	AED	AED	AED
2021					
Gross carrying amount					
Balance at April 1, 2020	24,860,159	87,275,350	420,958	5,547,176	118,103,643
Additions during the year	20,500	30,177	-	183,110	233,787
Disposals	-	-	-	(930,788)	(930,788)
Balance at March 31, 2021	24,880,659	87,305,527	420,958	4,799,498	117,406,642
Accumulated depreciation					
Balance at April 1, 2020	24,728,875	73,497,745	306,613	5,393,213	103,926,446
Charge for the year	18,458	1,612,757	35,740	90,216	1,757,171
Disposals	-	-	-	(930,573)	(930,573)
Balance at March 31, 2021	24,747,333	75,110,502	342,353	4,552,856	104,753,044
Net carrying amount at March 31, 2021	133,326	12,195,025	78,605	246,642	12,653,598

In 2008, the Company transferred two production lines with a then net book value of AED 31.54 million to a related party in Oman. As per the agreement, the related party produces the Company's biscuit products which are then sold back to the Company at a margin on cost. The ownership of these assets has been retained by the Company.

The building is constructed on a leasehold land from the local government and is renewable each year.

Notes to the financial statements (continued)
For the year ended March 31, 2022

5 Property, plant and equipment (continued)

Depreciation charged to statement of comprehensive income is as follows:

	2022 AED	2021 AED
Direct cost	**1,703,010**	1,660,065
Indirect cost	**76,490**	97,106
	1,779,500	1,757,171

6 Right-of-use asset

	2022	2021
Cost	**AED**	AED
Balance as at April 1,	**3,524,251**	3,524,251
Balance as at March 31,	**3,524,251**	3,524,251
Accumulated depreciation		
Balance as at April 1,	**1,409,706**	704,850
Charge for the year	**704,856**	704,856
Balance as at March 31,	**2,114,562**	1,409,706
Carrying value as at March 31,	**1,409,689**	2,114,545

The Company has a leasehold land for factory located in Al-Quoz Industrial Area, Dubai, UAE. The depreciation on right-of-use asset is classified under direct cost.

7 Inventories

	2022 AED	2021 AED
Raw and packing material	**3,588,133**	3,000,918
Finished goods	**1,047,362**	224,589
Machinery spares	**452,008**	437,671
	5,087,503	3,663,178
Less: Provision for obsolete inventories	**(234,614)**	(230,614)
	4,852,889	3,432,564

Movement of provision for obsolete inventories is as follows:

	2022	2021
Balance as on April 1,	**230,614**	228,387
Add: provision made during the year	**32,380**	146,814
Less: inventories written off	**(28,380)**	(144,587)
Balance as on March 31,	**234,614**	230,614

8 Related parties

The Company in the normal course of business carries on transactions with other enterprises that fall within the definition of a related party. These transactions are carried out in the normal course of business and are measured at exchange amounts, being the amounts agreed by both the parties.

Following are the details of related party balances:

Amounts due from related parties

	2022 AED	2021 AED
Al-Sallan Foods Ind. Co. SAOC, Oman	**2,075,732**	8,596,687
Britannia and Associate (Dubai) Pvt. Company Ltd.	**2,811,712**	1,355,419
Strategic Brands Holding Company Limited	**-**	411,556
Britannia Industries Limited	**6,474,256**	1,295,331
	11,361,700	11,658,993
Less: provision for impairment loss	**-**	(411,556)
	11,361,700	11,247,437

Loan from the Holding Company

	2022 AED	2021 AED
Britannia and Associate (Dubai) Pvt. Company Ltd.	**11,003,203**	11,003,203

During 2011, the Company had drawn AED 62.4 million (USD 17 million) out of total facility of AED 69.8 million (USD 19 million) from Britannia and Associates (Dubai) Pvt. Company Ltd ("the Holding Company'). During the current year, an amount of Nil (2021: AED 7.35 million (USD 2 million) has been paid to the Holding Company as a principal repayment. This loan carries interest at agreed rates and is repayable within 12 months and accordingly, has been classified under current liabilities.

Notes to the financial statements (continued)
For the year ended March 31, 2022

8 Related parties (continued)

Significant transactions with related parties included in the financial statements are as follows:

	2022 AED	2021 AED
Purchases of goods/services	**106,906,129**	118,984,895
Royalty (refer note 18)	**7,302,147**	8,256,390
Other expenses recharged by related parties	**2,493,024**	1,044,842
Sale of goods	**-**	110,735
Other expenses recharged to related parties	**2,529,704**	46,659
Interest on loan from the Holding Company (refer note 19)	**382,795**	727,878
Expense incurred in respect of selling and promotion expense on behalf of a related party	**(9,584,721)**	(10,778,464)
Claims raised in respect of selling and promotion expense on behalf of a related party	**12,017,035**	12,555,720
Compensation to key management personnel is as follows:		
Salary and other benefits	**763,825**	739,660
Employees' end of service benefits	**63,652**	61,638

9 Trade and other receivables

	2022 AED	2021 AED
Financial assets		
Trade receivables	**28,047,875**	27,506,440
Deposits	**183,237**	345,236
Other receivable	**63,876**	62,614
Interest receivable on bank deposit	**-**	136,255
	28,294,988	28,050,545
Non-financial assets		
Prepayments	**1,307,633**	625,708
Advances to suppliers and employees	**1,888,979**	1,661,362
	3,196,612	2,287,070
	31,491,600	30,337,615

10 Cash and cash equivalents

	2022 AED	2021 AED
Cash on hand	**28,881**	28,285
Cash at banks	**42,482,791**	22,679,753
Bank deposits (i)	**-**	14,692,500
	42,511,672	37,400,538
Less: non-current portion of bank deposits (refer (i) below)	**-**	(14,692,500)
	42,511,672	22,708,038

Notes to the financial statements (continued)
For the year ended March 31, 2022

10 Cash and cash equivalents (continued)

(i) Bank deposits carry an interest at a fixed rate, have a maturity period of more than twelve months and have been excluded from the cash and cash equivalents for the purpose of presentation in the statement of cash flows.

11 Financial assets

The Company's financial assets comprises of quoted bonds traded in active market. As at March 31, 2022, the Company has investments in the following quoted bonds as follows:

Security description	**Investment value (USD)**	**Yield rate**	**Maturity date**
Kingdom of Bahrain	321,000	2.36%	August 1, 2023
Oman Government International Bond	734,000	3.36%	February 1, 2025
Bank Muscat SAOG	309,000	2.77%	March 1, 2023
Bank Muscat SAOG	207,000	2.77%	March 1, 2023
REC Ltd	547,000	3.04%	March 1, 2028
REC Ltd	219,000	3.04%	March 1, 2028
Oil India Ltd	568,000	3.07%	February 1, 2029

The movement in financial assets during the year can be analysed as follows:

2022	**Total AED**
Additions during the year	**10,671,892**
Interest income	**333,981**
Interest received	**(333,981)**
Net unrealised loss	**(503,133)**
Balance at March 31,	**10,168,759**
Less: current portion	**1,873,080**
Non-current portion	**8,295,679**

12 Equity

12.1 Share capital

	2022 AED	2021 AED
Issued and fully paid-up:		
13,000 ordinary shares of AED 1,500 each	**19,500,000**	19,500,000

12 Equity (continued)

12.2 Statutory reserve

In accordance with UAE Federal Law No. (2) of 2015, as amended, a minimum of 10% of the net profit of the Company is allocated every year to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. This reserve is not available for distribution except in circumstances stipulated by the above-mentioned law. As the Company has already transferred an amount equalling to 50% of the paid-up share capital to the statutory reserve, no transfer has been made to statutory reserve in the current year.

12.3 Contributed capital

During 2010, AED 20 million was provided by the Holding Company, in its capacity as a shareholder, as non-reciprocal capital contribution to the Company. The amount is interest free, unsecured and repayments, if any, will be at the sole discretion of the Company.

13 Contingent liabilities and capital commitments

Contingent liabilities	**2022**	2021
	AED	AED
Guarantees	**105,000**	105,000
Letters of credit	**423,204**	276,656

Capital commitments

The Company does not have any significant capital commitments at the reporting date (2021: Nil).

14 Finance lease liabilities

	2022	2021
	AED	AED
Balance as at April 1,	**2,161,198**	2,839,595
Finance cost (note 19)	**57,022**	77,603
Repayments during the year	**(756,000)**	(756,000)
Balance as at March 31,	**1,462,220**	2,161,198
Non-current	**742,035**	1,462,220
Current	**720,185**	698,978
	1,462,220	2,161,198

Finance lease liabilities are repayable as follows:

	Within one year	**From 1-2 years**	**More than 2 Years**	**Total**
2022	**AED**	**AED**	**AED**	**AED**
Finance lease	**720,185**	**742,035**	**-**	**1,462,220**
2021				
Finance lease	698,978	720,185	742,035	2,161,198

Notes to the financial statements (continued)
For the year ended March 31, 2022

14 Finance lease liabilities (continued)

Future minimum finance lease payments as at the end of the reporting period are as follows:

	Minimum lease payments due			
	Within 1 year	**1-2 years**	**More than 2 years**	**Total**
March 31, 2022	**AED**	**AED**	**AED**	**AED**
Lease payments	756,000	756,000	-	**1,512,000**
Finance charges	(35,815)	(13,965)	-	**(49,780)**
Net present value	**720,185**	**742,035**	**-**	**1,462,220**
March 31, 2021				
Lease payments	756,000	756,000	756,000	2,268,000
Finance charges	(57,022)	(35,815)	(13,965)	(106,802)
Net present value	698,978	720,185	742,035	2,161,198

15 Employees' end of service benefits

	2022	2021
	AED	AED
Balance at April 1,	**3,275,819**	3,502,295
Charge for the year	**568,586**	491,497
Payments during the year	**(11,837)**	(717,973)
Balance at March 31,	**3,832,568**	3,275,819

16 Trade and other payables

	2022	2021
	AED	AED
Financial liabilities		
Trade payables	**20,886,434**	2,854,654
Accrued staff benefits	**2,174,364**	1,919,678
Other payables and accruals	**24,024,608**	27,972,144
	47,085,406	32,746,476
Non-financial liability		
Advance from customers	**959,102**	1,187,239
	48,044,508	33,933,715

Notes to the financial statements (continued)
For the year ended March 31, 2022

17 Cost of sales

	2022 AED	2021 AED
Material costs	**130,414,974**	133,968,178
Staff and related costs	**3,710,155**	3,526,972
Utilities	**1,037,276**	1,068,175
Rent, rates and taxes	**818,970**	783,971
Repairs and maintenance	**545,681**	527,616
Provision for obsolete inventories (note 7)	**32,380**	146,814
Insurance	**-**	57,324
Other direct production overheads	**252,055**	368,379
	136,811,491	140,447,429

18 Administrative, selling and general expenses

	2022 AED	2021 AED
Selling and promotion expenses	**25,690,073**	26,936,653
Staff and related costs	**9,371,814**	9,043,745
Royalty expenses (refer note 8)	**7,302,147**	8,256,390
Professional fee	**1,144,910**	559,126
Bank charges	**501,474**	356,709
Travelling expenses	**345,843**	45,726
Telephone and fax	**293,904**	316,447
Foreign currency exchange (gain) / loss	**(28,809)**	14,484
Other	**723,401**	534,766
	45,344,757	46,080,919

19 Finance (income)/cost - net

	2022 AED	2021 AED
Interest on loan from the Holding Company (refer note 8)	**382,795**	727,878
Interest on lease liabilities (refer note 14)	**57,022**	77,603
Interest income on bank deposits	**(458,661)**	(621,895)
Interest income on financial assets (note 11)	**(333,981)**	-
	(352,825)	183,586

20 Other income

	2022 AED	2021 AED
Rental income	**705,208**	675,000
Miscellaneous income	**126,006**	209,379
	831,214	884,379

Notes to the financial statements (continued)
For the year ended March 31, 2022

21 Financial instruments risk

Risk management objectives and policies

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

The Company's risk management focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

21.1 Market risk

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 is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and investing activities.

Foreign currency risk

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

Most of the Company's transactions are carried out in AED, and United States Dollars ("USD"). The foreign exchange risk related to USD is minimal as USD is pegged with AED.

21.2 Credit risk analysis

Credit risk is the risk that a counter party fails to discharge an obligation to the Company.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2022 AED	2021 AED
Long term deposit (note 10)	**-**	14,692,500
Financial assets (current and non-current) (note 11)	**10,168,759**	-
Amounts due from related parties (note 8)	**11,361,700**	11,247,437
Trade and other receivables (note 9)	**28,294,988**	28,050,545
Cash at banks (note 10)	**42,482,791**	22,679,753
	92,308,238	76,670,235

Amounts due from related parties

The management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Notes to the financial statements (continued)

For the year ended March 31, 2022

21 Financial instruments risk (continued)

21.2 Credit risk analysis (continued)

Trade and other receivables

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 1 year from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered to be an indicator of no reasonable expectation of recovery.

Cash at banks and long-term deposit

The Company seeks to limit its credit risk with respect to bank balances and long term deposit by only dealing with reputable banks and continuously monitoring outstanding balances.

21.3 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.

The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below summarises the maturities of the Company's undiscounted financial liabilities at March 31 based on contractual payment dates and current market interest rates.

March 31, 2022	**Within 1 year AED**	**1 to 2 years AED**	**More than 2 years AED**	**Total AED**
Trade and other payable (note 16)	**47,085,406**	**-**	**-**	**47,085,406**
Loan from Holding Company (note 8)	**11,003,203**	**-**	**-**	**11,003,203**
Finance lease liability (note 14)	**756,000**	**756,000**	**-**	**1,512,000**
	58,844,609	**756,000**	**-**	**59,600,609**

March 31, 2021	Within 1 year AED	1 to 2 years AED	More than 2 years AED	Total AED
Trade and other payable (note 16)	32,746,476	-	-	32,746,476
Loan from Holding Company (note 8)	11,003,203	-	-	11,003,203
Finance lease liability (note 14)	756,000	756,000	756,000	2,268,000
	44,505,679	756,000	756,000	46,017,679

22 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 Shareholders.

The Company is financed by its Shareholders. The Company's structure is regularly reviewed to ensure that it remains relevant to the business and its plans for growth. Management has a reasonable expectation that the Company has adequate resources to continue operating in the foreseeable future.

23 Fair value measurement

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

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

The following table shows the levels within the hierarchy of financial assets measured at fair value:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
March 31, 2022				
Financial assets (note 11)	**2,905,218**	-	-	**2,905,218**

Financial assets represent investment in quoted bonds which are traded in active market. Fair values have been determined by reference to their quoted closing prices at the reporting date.

24 Subsequent event

On January 31, 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after June 1, 2023. There is no impact of this announcement on the financial statements of the Company for the year ended March 31, 2022. Management will assess the implications of this Federal Corporate Tax in due course.