

BIBA APPARELS TRADING L.L.C
DUBAI
UAE

FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2022

BIBA APPARELS TRADING L.L.C

COMPANY INFORMATION

Shareholder	Biba Fashion Limited (formerly known as Biba Apparels Limited, and prior to that BIBA Apparels Private Limited) (A company incorporated in India)
Manager	Neeta Mahesh Nasta
Commercial license number	986072
Registered with	Department of Economic Development Dubai - United Arab Emirates
Address	Unit BJC 1/L1/0015, Burjuman Center P.O. Box 392759 Dubai - United Arab Emirates
Auditors	International Chartered Accountants Consultancy Centre
Bankers	Bank of Baroda Mashreq Bank
Tax registration number	Not registered

BIBA APPARELS TRADING L.L.C

INDEX

CONTENTS	PAGES
MANAGER'S REPORT	1 - 2
INDEPENDENT AUDITOR'S REPORT	3 - 5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7 - 8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11 - 34

BIBA APPARELS TRADING L.L.C

MANAGER'S REPORT PERIOD ENDED 31 MARCH 2022

The Manager hereby submits the report of **BIBA APPARELS TRADING L.L.C** (herein after called "the **Company**") and the audited financial statements for the period ended 31 March 2022.

Principal business activities

The Company's principal activities during the period were trading of ladies' garments, slippers, sandals, readymade garments, shoe, men's garments, garments accessories.

Business review and financial results

The Company generated revenue of AED 525,239/- and incurred a net loss of **AED 398,262/-** during the period ended 31 March 2022. However, the Management is optimistic about the future performance of the Company.

Events since the end of the period

The Company passed a Board resolution dated 08 February 2022 to approve the change of financial year-end from 31 December to 31 March. Further, an increase in the share capital of the Company was approved from the existing share capital of AED 100,000/- to AED 2,500,000/- which has been amended in the Memorandum of Association of the Company on 11 May 2022.

Except for the above, there are no significant events since the end of the period, also the Management is not aware of any circumstances not otherwise dealt within this report or the accounts, which would render any amount stated in the accounts misleading.

Shareholder and its interest

The shareholder as at 31 March 2022 and its interest in the share capital of the Company as at that date are as follows:-

Name of the shareholder	Amount of share capital (AED)	Shares in %
Biba Fashion Limited (formerly known as Biba Apparels Limited, and prior to that BIBA Apparels Private Limited) (100 shares of AED 1,000/- each)	100,000	100%
	100,000	100%

Risk management and internal control system

The Company is committed to the ongoing process of identifying risk factors, analysing the risks, and deciding upon measures of risk handling and risk control, with a view to achieving sustainability of business operations, employment and surpluses. The Company's risk management framework identifies, assesses, manages and reports risks on a consistent and reliable basis. The Management consider primary risk areas to be: credit risk, market risk, interest rate risk, foreign exchange and liquidity risk.



BIBA APPARELS TRADING L.L.C

MANAGER'S REPORT PERIOD ENDED 31 MARCH 2022

Risk management and internal control system continued....

The Management recognised their responsibilities to ensure the existence of the system of internal control and for reviewing its continued effectiveness. In view of the above, the Management has in place a management information system that facilitates financial and other information being periodically reported on a transparent basis to the Management and that in turn helps in initiating action to mitigate risks to the extent feasible.

Going concern

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements the Management has made an assessment of the Company's ability to continue as a going concern. The Management has not come across any evidence that causes the Management to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Company's ability to continue as a going concern.

Management and its responsibilities

I, Neeta Mahesh Nasta, Manager of the Company, confirm that the Company is being managed by me. The Management is responsible to prepare the financial statements for each financial period which presents fairly in all material respects, the financial position of the Company and its financial performance for the period then ended. I confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Company. I further confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the period under review and reasonably present the Company's financial conditions and results of its operations.

Statutory compliances

The Company has complied with the provisions of Federal Law No. 2 of 2015 on the Commercial Companies as applicable and any other law applicable to the activities & related activities of the Company and there are no violation of the laws.

Auditors

International Chartered Accountants Consultancy Centre, who has been appointed as first auditors by the Management and will retire at the conclusion of the meeting, have expressed their willingness to continue in office and are eligible for re-appointment.

On behalf of the Management



Neeta Mahesh Nasta
MANAGER
24 June, 2022





**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF BIBA APPARELS TRADING L.L.C**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **BIBA APPARELS TRADING L.L.C** (the **Company**), **DUBAI - UAE**, 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 period then ended, and a summary of significant accounting policies and other explanatory notes.

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 of its financial performance and its cash flows for the period 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) that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the UAE Federal Law No. (2) of 2015 and the applicable provisions of the Memorandum of Association of the Company 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BIBA APPARELS TRADING L.L.C (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF BIBA APPARELS TRADING L.L.C (Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements Continued....

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

Report on Other Legal and Regulatory Requirements

The Company passed a Board resolution dated 08 February 2022 to approve the change of financial year-end from 31 December to 31 March which has been amended in the Memorandum of Association of the Company on 11 May 2022:

We confirm that in our opinion proper books of account have been kept by the Company and that these financial statements are in agreement with the books of account. We have obtained all the information and explanations we required for the purpose of our audit, and the financial statements have been prepared and comply in all material respects with the applicable provisions of the UAE Federal Law No (2) of 2015. The Company has not made any investment in any shares or stocks during the period. Note 28 of the financial statements provide disclosures of the related party transactions and balances and the terms of these transactions. Based on the information that has been made available to us nothing has come to the attention that causes us to believe that the Company has contravened, during the financial period ended 31 March 2022 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum of Association which would materially affect its activities or its financial position as of 31 March 2022.

Y. Almattonas



INTERNATIONAL CHARTERED ACCOUNTANTS CONSULTANCY CENTRE

United Arab Emirates

24 June, 2022

BIBA APPARELS TRADING L.L.C

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME PERIOD ENDED 31 MARCH 2022

	Note	26 September 2021 to 31 March 2022 AED
INCOME		
Revenue	4	525,239
Other income	5	2,521
TOTAL INCOME		<u><u>527,760</u></u>
Change in inventory	6	(917,522)
Purchase of stock in trade	7	1,185,522
Employee benefits expenses	8	129,462
Finance costs	9	12,069
Depreciation and amortisation expenses	10	74,814
Other expenses	11	441,677
TOTAL EXPENSES		<u><u>926,022</u></u>
LOSS FOR THE PERIOD		(398,262)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u><u>(398,262)</u></u>

The accompanying notes form an integral part of these financial statements.
The Independent Auditor's report is set forth on page 3 to 5.



BIBA APPARELS TRADING L.L.C

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	31 March 2022 AED
NON-CURRENT ASSETS		
Property and equipment	12	1,800,084
Intangible assets	13	4,521
Right-of-use asset	14	604,902
Financial assets		
(i) Other non-current financial assets	15	178,487
Other non-current assets	16	<u>27,937</u>
TOTAL NON-CURRENT ASSETS		<u><u>2,615,931</u></u>
CURRENT ASSETS		
Inventories	17	917,522
Financial assets		
(i) Trade receivables	18	5,677
(ii) Cash and cash equivalents	19	172,971
(iii) Other current financial assets	20	111,437
Other current assets	21	<u>441,793</u>
TOTAL CURRENT ASSETS		<u><u>1,649,400</u></u>
TOTAL ASSETS		<u><u><u>4,265,331</u></u></u>
SHAREHOLDER'S EQUITY		
Equity share capital	22	100,000
Retained earnings	23	<u>(398,262)</u>
TOTAL EQUITY		<u><u>(298,262)</u></u>
NON-CURRENT LIABILITIES		
Financial liabilities		
(i) Lease liabilities	24	372,829
Provisions	27	<u>5,612</u>
TOTAL NON-CURRENT LIABILITIES		<u><u>378,441</u></u>
CURRENT LIABILITIES		
Financial liabilities		
(i) Trade payables and accruals	25	1,260,481
(ii) Lease liabilities	24	21,392
(iii) Other current financial liabilities	26	2,893,506
Provisions	27	<u>9,773</u>
TOTAL CURRENT LIABILITIES		<u><u>4,185,152</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u><u>4,265,331</u></u></u>



BIBA APPARELS TRADING L.L.C

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

The accompanying notes form an integral part of these financial statements.

The Independent Auditor's report is set forth on page 3 to 5.

Approved by the Management on 24 June, 2022

For BIBA APPARELS TRADING L.L.C



Neeta Mahesh Nasta
MANAGER



BIBA APPARELS TRADING L.L.C

STATEMENT OF CHANGES IN EQUITY PERIOD ENDED 31 MARCH 2022

	Share Capital AED	Retained Earnings AED	Total AED
Introduction of share capital	100,000	-	100,000
Loss for the period	-	(398,262)	(398,262)
As at 31.03.2022	<u>100,000</u>	<u>(398,262)</u>	<u>(298,262)</u>

The accompanying notes form an integral part of these financial statements.
The Independent Auditor's report is set forth on page 3 to 5.

BIBA APPARELS TRADING L.L.C

STATEMENT OF CASH FLOWS PERIOD ENDED 31 MARCH 2022

26 September 2021
to
31 March 2022
AED

	Note	
OPERATING ACTIVITIES		
Loss for the period		(398,262)
Finance income on lease deposit		(2,521)
Amortisation of lease deposit		2,546
Interest on lease liability	9	2,738
Depreciation and amortisation	10	57,762
Depreciation on right-of-use asset	14	17,052
Provision for gratuity	27	5,612
		(315,073)
Changes in operating assets and liabilities -		
Increase in inventories		(917,522)
Increase in accounts receivable and prepayments		(462,292)
Increase in accounts payable and accruals		1,330,540
Net cash used in operating activities (A)		(364,347)
INVESTING ACTIVITIES		
Purchase of property and equipment		(1,543,567)
Purchase of intangible assets		(5,000)
Lease payments for right of use assets		(217,083)
Payments related to lease deposits		(316,452)
Expenditure pending capitalisation		(313,800)
Net cash used in investing activities (B)		(2,395,902)
FINANCING ACTIVITIES		
Introduction of share capital		100,000
Funding from shareholder		2,833,220
Net cash from financing activities (C)		2,933,220
Net increase in cash and cash equivalents (A+B+C)		172,971
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	19	172,971

The accompanying notes form an integral part of these financial statements.
The Independent Auditor's report is set forth on page 3 to 5.



BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

1 LEGAL STATUS AND BUSINESS ACTIVITY

- a) **BIBA APPARELS TRADING L.L.C** is a Limited Liability Company - single owner (LLC - SO) (the **Company**) registered on 26 September 2021 with Department of Economic Development Authority, Dubai - United Arab Emirates. The commercial license no. for the Company is 986072 issued on 10 October 2021 by the said Authority. The registered office of the Company is Unit BJC1/L1/0015, Burjuman Center, P.O. Box 392759, Dubai - United Arab Emirates.
- b) The Company's principal activities during the period were trading of ladies' garments, slippers, sandals, readymade garments, shoe, men's garments, garments accessories.
- c) Branches of the Company under common ownership
The Company operates 3 branches as given below whose operations are included in these financial statements for the period ended 31 March 2022.

SN	Name of the Entity	License number	Licensing Authority
1	RANGRITI FASHION TRADING - BR1	999728	Department of Economic Development, Dubai, UAE
2	BIBA APPARELS TRADING LLC - BR2	1010821	Department of Economic and Tourism Development, Dubai, UAE
3	BIBA APPARELS TRADING LLC - BR3	794685	Department of Economic Development, Sharjah, UAE

2 BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared under the historical cost convention, and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB), requirements of UAE Federal Law No. 2 of 2015 on Commercial Companies and the Memorandum of Association of the Company.

b) Going concern

The financial statements of the Company are prepared on a going concern basis. The Company is in the first period of its operations. The Company has reported a net deficit in its equity position of AED 298,262/- as of the reporting date. However, the shareholder has undertaken to provide continued financial support to the company as and when required. The Management believes that there are no material uncertainties to the events or conditions that exist which may cast significant doubt on the ability of the Company to continue as a going concern. The above financial position of the Company does not result in an impairment.

c) Accounting period

These financial statements relate to the period from 26 September 2021 to 31 March 2022.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

BASIS OF PREPARATION CONTINUED....

d) Use of significant estimates, assumptions and judgements

The preparation of the financial statements requires the Management to make estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future years affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amounts recognized in the financial statements) are discussed in note 33.

e) Adoption of new and revised International Financial Reporting Standards

The Company has adopted new and revised standards including amended IFRS and IFRIC interpretations becoming effective for the current reporting period. Adoption of these standards and interpretations did not have any material impact on the financial position or performance of the Company during the period but may affect the financial reporting for future transactions or arrangements.

Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective are disclosed below. These standards and interpretations will become effective for annual periods beginning on or after the dates as respectively mentioned there against. The Company intends to adopt these standards, if applicable, when they become effective.

Reference to the Conceptual Framework – Amendments to IFRS 3 - 01 January 2022

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 - 01 January 2022

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 - 01 January 2022

IFRS 17 Insurance Contracts - 01 January 2023

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 - 01 January 2023

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 - 01 January 2023

Definition of Accounting Estimates - Amendments to IAS 8 - 01 January 2023

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - 01 January 2023

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

BASIS OF PREPARATION CONTINUED....

Annual improvements 2018-2020 Cycle (01 January 2022)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

IAS 41 Agriculture – Taxation in fair value measurements

The adoption of above Standards, amendments and interpretations is not expected to have any material impact on the financial statements of the Company in the period of their initial application.

f) **Functional and presentation currency**

These financial statements have been presented in AED (United Arab Emirates Dirham), which is the functional currency of the Company.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted and consistently applied are as follows:

a) **Revenue recognition**

Revenue from contracts with customers

In conjunction with the application of *IFRS 15 Revenue from contracts with customers* the Company has adopted an approach of recognizing the amount of revenue to which the Company is expected to be entitled due to the transfer of goods or rendering of services to customers based on the following five-step model.

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

Step 2. Identify the performance obligations in the contract

Step 3. Determine the transaction price

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

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

Revenue is recognised on the transfer of control over the goods/services to the customer.

The Company operates retail stores in Dubai and Sharjah. The Company trades in readymade garments.

Sale of goods

Revenue is recognised at a point in time. The Company raises a point of sale receipt to the customer upon the delivery of goods and its acceptance by the customer. The transaction price of the goods is allocated to the revenue upon the delivery of the goods to the customer.

b) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED....

c) **Property and equipment**

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Such costs include cost of replacing part of the property and equipment and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss and other comprehensive income as incurred.

The cost of property and equipment less estimated residual value, where material, is depreciated using written-down value method from the date of acquisition to their estimated useful lives calculated as follows:

<u>Assets</u>	<u>Estimated useful lives</u>
Computer and peripherals	3 years
Furniture and fixtures	10 years
Office equipment	5 years
Air conditioner	5 years

The cost of property and equipment less estimated residual value, where material, is depreciated using straight-line method from the date of acquisition to their estimated useful lives calculated as follows:

<u>Assets</u>	<u>Estimated useful lives</u>
Improvement to lease hold	5 years

An item of property and equipment and any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

d) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Cost includes the purchase price together with any directly attributable expenditure. The useful lives of intangible assets are assessed to be either finite or indefinite.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED....

Acquisition cost of a software is considered as intangible assets and measured initially at cost. Following initial recognition, it is measured at cost less any accumulated impairment losses. The useful lives of the software acquisition costs are assessed to be 6 years. Intangible assets with indefinite lives are tested for impairment, annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful lives of an intangible assets with an indefinite life is reviewed annually to determine whether indefinite lives assessment continues to be supportable. If not, the change in useful lives assessment from indefinite to finite is made on prospective basis.

e) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior period. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED....

f) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the FIFO method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

g) **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition

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

Derecognition

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

-The contractual rights to receive cash flows expire or

-The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

a) the Company has transferred substantially all the risks and rewards of the asset, or

b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Classification and Measurement

Financial assets

The Company classifies its financial assets in the following measurement categories:

-Those to be measured subsequently at fair value (either through OCI or through profit or loss), and

-Those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

i) Initial measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED....

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

-It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

-Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

-It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

-Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

ii) Subsequent measurement

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (<i>see below(iii)-impairment of financial assets</i>). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED....

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The Company's financial assets at amortised cost includes other current financial assets and cash and cash equivalents.

iii) Impairment of financial assets

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

Expected credit losses are recognised in two stages.

-For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.

-For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

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

h) Offsetting of financial assets & financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED....

i) **Current versus non-current classification of assets & liabilities**

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

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

The Company classifies all other assets as non-current.

A liability is current when it is:

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

The Company classifies all other liabilities as non-current.

j) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. If the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised in the statement of profit or loss and other comprehensive income as a finance cost.

k) **Leases**

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

- Leases of low value assets; and
- Leases with a duration of 12 months or less with no purchase option applied to the whole class of assets.

Initial recognition

Right-of-use asset is measured in the amount of lease liability and initial direct costs. Then it is adjusted by the lease payments made before or on commencement date, lease incentives received, and any estimate of dismantling and restoration costs.



BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED....

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

Subsequent measurement

The Company measures the right-of-use asset using the cost model under IAS 16 Property, plant and equipment. The asset is depreciated over the lease term or over the remaining economic life of the asset, if rarely, this is judged to be shorter than the lease term.

Lease Liabilities subsequent to initial measurement increase as a result of interest charged at a constant rate on the balance outstanding and reduced for the lease payments made.

l) **Staff end-of-service gratuity**

The Company provides end of service gratuity to its employees. The entitlement to these benefits is based upon the employees' basic salary and length of service. The expected costs of these benefits are accrued over the period of employment.

The Management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates would have offsetting effect.

m) **Reporting foreign currency transactions in functional currency**

On the initial recognition a foreign currency transaction is recorded in functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of transaction.

Monetary assets and liabilities expressed in foreign currencies are translated into functional currency at the rate of exchange ruling at the end of the reporting period.

Gains or losses resulting from the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period in the statement of the profit or loss and other comprehensive income.

n) **Contingencies**

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

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED....

o) **Fair values**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

p) **Statement of cash flows**

Cash flows are reported using the indirect method, whereby profit/(loss) is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future of cash receipts and payments and for items of income and expenses which are reflected in investing or financial activities. The cash flows from operating, investing and financing activities are segregated based on the nature of items.

q) **Statutory reserve**

Statutory reserve is created by appropriating 10% of the profit of the Company as required by Article 103 of the UAE Federal Law No. 2 of 2015 on Commercial Companies. The Company can discontinue such annual transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.

r) **Value added tax**

The Company is not registered for VAT with the Federal Tax Authority as of the reporting date. However, it has been registered with FTA on April 2022. VAT which has been paid towards the capital assets and eligible expenses has been recorded as recoverable from the FTA.

	26 September 2021	to	31 March 2022	AED
4 REVENUE				
Sales of readymade garments			517,394	
Sales of accessories			7,845	
			<u>525,239</u>	
5 OTHER INCOME				
Finance income on lease deposit			2,521	
			<u>2,521</u>	



BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

	26 September 2021 to 31 March 2022 AED
6 CHANGE IN INVENTORY	
Opening Stock	-
Closing stock	917,522
	<u>(917,522)</u>
7 PURCHASE OF STOCK IN TRADE	
Purchases and direct costs	1,185,522
	<u>1,185,522</u>
8 EMPLOYEE BENEFIT EXPENSES	
Salaries and allowances, wages and bonus	113,811
Staff welfare	266
Gratuity expenses	5,612
Leave salary	9,773
	<u>129,462</u>
9 FINANCE COSTS	
Bank charges	892
Merchant commission charges	8,439
Interest on lease liabilities	2,738
	<u>12,069</u>
10 DEPRECIATION AND AMORTISATION	
Depreciation on property plant and equipment (note 12)	57,283
Depreciation on intangible assets (note 13)	479
Depreciation on right-of-use asset (note 14)	17,052
	<u>74,814</u>

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

26 September 2021
to
31 March 2022
AED

11 OTHER EXPENSES

Preliminary expenses	291,653
Store expenses	1,422
Legal and professional charges	17,753
Audit fee	5,250
Rent and mall maintenance	79,609
Amortisation of lease deposit	2,546
Repairs and maintenance - Others	3,746
Electricity expenses	2,758
Administrative and operational expenses	15,933
Rates and taxes	1,544
Communication expenses	10,178
Freight, octroi, forwarding charges and entry tax	335
Printing and stationery expenses	966
Business promotion expenses	7,984
	<u>441,677</u>

12 PROPERTY AND EQUIPMENT

Property and equipment continued on next page.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

PROPERTY AND EQUIPMENT CONTINUED....

	Computer and peripherals AED	Furniture and fixtures AED	Office equipment AED	Improvement to lease hold AED	Air conditioner AED	Expenditure pending capitalisation AED	Total AED
COST							
Additions	18,552	456,106	291,099	692,262	85,548	313,800	1,857,367
As at 31.03.2022	18,552	456,106	291,099	692,262	85,548	313,800	1,857,367
DEPRECIATION							
Charge for the period	1,227	19,377	14,542	18,109	4,028	-	57,283
As at 31.03.2022	1,227	19,377	14,542	18,109	4,028	-	57,283
NET CARRYING VALUE							
As at 31.03.2022	17,325	436,729	276,557	674,153	81,520	313,800	1,800,084

No impairment assessment was performed in 2021-22 as there was no indication of impairment.
Expenditure pending capitalisation relates to interior works in progress for the retail shops in UAE

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

13 INTANGIBLE ASSETS

	Software AED	TOTAL AED
COST		
Additions	5,000	5,000
As at 31.03.2022	5,000	5,000
IMPAIRMENT		
Charge for the period	479	479
As at 31.03.2022	479	479
NET BOOK VALUES		
As at 31.03.2022	4,521	4,521

14 RIGHT-OF-USE ASSET

	Premises AED	TOTAL AED
Cost		
Additions	621,954	621,954
As at 31.03.2022	621,954	621,954
DEPRECIATION		
Charge for the period	17,052	17,052
As at 31.03.2022	17,052	17,052
NET CARRYING VALUE		
As at 31.03.2022	604,902	604,902

The Company entered into a 3-year lease with the lessor Majid Al Futtaim City Centre Deira LLC for the lease of a retail shop in the City Centre Deira on 30 November 2021. The annual lease rental for the retail shop is AED 217,083/- per annum for the first year, AED 223,557/- per annum for the second year, and AED 235,503/- per annum for the third year.

The lease rental payments have been discounted at the lease's incremental borrowing rate of 8.85% per annum.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

	31 March 2022 AED
15 OTHER NON-CURRENT FINANCIAL ASSETS	
Security deposits	178,487
	178,487
16 OTHER NON-CURRENT ASSETS	
Prepaid expenses	27,937
	27,937
17 INVENTORIES	
Stock in hand	917,522
	917,522
Stock in hand were verified by the Management at period end and considered good for the use in the ordinary course of business.	
18 TRADE RECEIVABLES	
Trade debtors	5,677
	5,677
19 CASH AND CASH EQUIVALENTS	
Cash in hand	3,675
Balances in current accounts with bank	169,296
	172,971
20 OTHER CURRENT FINANCIAL ASSETS	
Security deposits- Considered good	100,000
Staff advances	11,437
	111,437
21 OTHER CURRENT ASSETS	
Prepaid expenses	339,949
Balances with government authorities	82,195
Other advances	19,649
	441,793



BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

		31 March 2022 AED
22	SHARE CAPITAL	
	Share capital of the Company is AED 100,000/-. The details of the shareholding as at reporting date are as follows:	
	Name	
	Biba Fashion Limited (formerly known as Biba Apparels Limited, and prior to that BIBA Apparels Private Limited) (100 shares of AED 1,000/- each)	100,000
		<u>100,000</u>
23	RETAINED EARNINGS	
	Loss for the period	(398,262)
		<u>(398,262)</u>
24	LEASE LIABILITIES	
	Additions during the period	394,221
		<u>394,221</u>
	Lease Liabilities is classified as under	
	Current portion	21,392
	Non-current portion	372,829
		<u>394,221</u>
	The Company entered into a 3-year lease with the lessor Majid Al Futtaim City Centre Deira LLC for the lease of a retail shop in the City Centre Deira on 30 November 2021. The annual lease rental for the retail shop is AED 217,083/- per annum for the first year, AED 223,557/- per annum for the second year, and AED 235,503/- per annum for the third year.	
	The lease rental payments have been discounted at the lease's incremental borrowing rate of 8.85% per annum.	
25	TRADE PAYABELS AND ACCRUALS	
	Payable to others	140,954
	Accruals	6,453
	Payable to related party	1,113,074
		<u>1,260,481</u>

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

	31 March 2022 AED
26 OTHER CURRENT FINANCIAL LIABILITIES	
Creditors for capital goods	60,286
Payable to related party	2,833,220
	2,893,506
27 PROVISIONS	
Provision for gratuity	5,612
Provision for leave salary	9,773
	15,385
Provisions classified as under	
Current	9,773
Non -Current	5,612
	15,385

28 RELATED PARTIES

Related parties represent Shareholder, Manager and key Management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Management.

Significant transactions with related parties are as follows:

	26 September 2021 to 31 March 2022 AED
<u>Shareholder</u>	
Purchases (note 7)	1,113,074
Purchase of furniture and fixture (note 12)	351,305

Significant balances with related parties are as follows:-

	31 March 2022 AED
<u>Trade Payables and Accruals</u>	
Payable to related party (note 25)	1,113,074
<u>Other current financial liabilities</u>	
Payable to related party (note 26)	2,833,220



BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

RELATED PARTIES CONTINUED....

Terms and conditions of transactions with related parties:

The transactions related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables.

29 CONTINGENT LIABILITIES

Except for the ongoing commitments in the normal course of business against which no loss is expected there has been no other known contingent liability or capital commitment on the Company account as represented by the Management.

30 FINANCIAL INSTRUMENTS

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

	31 March AED (At amortised cost)
Financial assets	
Trade debtors	5,677
Security deposits	278,487
Cash in hand	3,675
Balances in current accounts with bank	169,296
Other advances	107,390
	<u>564,525</u>
Financial liabilities	
Payable to others	140,954
Accruals	6,453
Creditors for capital goods	60,286
Lease liabilities	394,221
Payable to related party	3,946,294
	<u>4,548,208</u>

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED....

The main risks arising from the financial statements are credit risk, market risk, currency risk, interest rate risk and liquidity risk.

The Company's financial risk management processes and policies relating to these risks are discussed in detail below:

a) **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the customers, custodians of the Company's investments, prime brokers and bank. The Company is exposed to credit risk on the following balances:

	31 March
	AED
Trade debtors	5,677
Security deposits	278,487
Other advances	107,390
	<u>391,554</u>

Other receivables

The exposure to credit risk on other receivables is monitored on an ongoing basis by the Management and these are considered as recoverable by the Management.

Bank

The Company's bank accounts are placed with a high credit quality financial institution and are denominated in the AED.

b) **Market risk**

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

i) **Foreign currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to any significant currency risk as the Company has monetary assets and liabilities balances held in AED.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED....

ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk as of the reporting date.

c) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by ensuring funds from shareholder.

The table below summarises the maturities of the Company's undiscounted financial liabilities at March 2022, based on contractual payment dates.

31 March 2022

	Up to 3 months	PAST DUE 4 to 12 months	Over 12 months	Total
	AED	AED	AED	AED
Payable to others	140,954	-	-	140,954
Accruals	6,453	-	-	6,453
Lease liabilities	-	55,889	403,171	459,060
Creditors for capital goods	60,286	-	-	60,286
Payable to related party	3,946,294	-	-	3,946,294
	<u>4,153,987</u>	<u>55,889</u>	<u>403,171</u>	<u>4,613,047</u>

32 **FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of Trade debtors, other receivables, deposits and bank balances. Financial liabilities consist of other payables, lease liabilities and accruals.

The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of financial assets and liabilities are not materially different from their carrying value, largely due to short term nature of the financial instruments.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

FAIR VALUES OF FINANCIAL INSTRUMENTS CONTINUED....

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

33 SIGNIFICANT SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT

The preparation of the Company's financial statements requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Judgements

In the process of applying the Company's accounting policies, the Management has made the following judgements which have the most significant effect on the amounts recognized in the financial statements:

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimate of the outcome of future events.

Significant increase in credit risk

As explained in note 3 (g) (iii), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.



BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SIGNIFICANT SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT CONTINUED....

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3(g)). The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the period presented.

Satisfaction of performance obligations

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Company has assessed that based on the sale and purchase agreements entered into with customers.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

As at 31 March 2022, the gross inventories were AED 917,522/-. Any difference between the amounts actually realised in future periods and the amounts expected will be recognized in the statement of profit or loss and other comprehensive income.

Impairment of other advances

An estimate of the collectible amount of other advances is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on expected credit loss on such receivables.

As at 31 March 2022, the gross other advances were AED 113,281/-.

BIBA APPARELS TRADING L.L.C

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 31 MARCH 2022

SIGNIFICANT SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT CONTINUED....

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

34 COMPARATIVE FIGURES

Being the first financial statements of the Company since its incorporation, comparative figures have not been stated.

35 ROUNDING OFF

Figures in these financial statements have been rounded off to the nearest AED.

For BIBA APPARELS TRADING L.L.C



Neeta Mahesh Nasta
MANAGER

