Italica Global - F.Z.C
Ajman Free Zone, Ajman, U.A.E.

Auditor's Report & Financial Statements
For the year ended 31st March, 2023

Italica Global - F.Z.C
Ajman Free Zone, Ajman, U.A.E.

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INDEPENDENT AUDITOR'S REPORT

(Ref No.- Magnus/ 2023 –DC /6195)

The Shareholders,
Italica Global - F.Z.C,
Ajman Free Zone, Ajman, U.A.E.

Report on the audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **Italica Global - F.Z.C,** which comprise the Statement of Financial Position as at **31st March, 2023,** and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Changes in Equity for the year then ended, including a summary of significant accounting policies and other explanatory notes.

The management has compiled the financial statements on the basis of information and data that was available.

In our opinion, the financial statements give a true and fair view of the financial position of **Italica Global - F.Z.C** as of **31st March, 2023,** and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 of Accountants Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Previous year balances have been taken from unaudited books of accounts.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the company's Memorandum and with the applicable provisions of the Ajman Free Zone, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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.

(Continued on page 2)

Tel: 04-3962410 Fax : 04-3962415, P.O. Box # 47264, Dubai - U.A.E.
E-mail: info@magnuscca.com | www. magnuscca.com

(Continued from page 2)

As part of an audit in accordance with International Standards on Auditing, 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.

Report on other legal and regulatory requirements

- We have obtained all the information and explanation we considered necessary for our audit.
- The financial statements comply, in all material respect with the applicable provisions of the Ajman Free Zone, and the Articles of Association of the Company.
- Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended **31st March, 2023** any of the applicable provisions of the Ajman Free Zone, or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year.

For Omran Mousa
Auditing of Accounts
Dubai, United Arab Emirates
2nd May, 2023

عمران موسى لمراجعة الحسابات
Magnus TM
P.O.Box: 47264
Dubai - U.A.E.
OMRAN MOUSA AUDITING OF ACCOUNTS

Tel: 04-3962410 Fax : 04-3962415, P.O. Box # 47264, Dubai - U.A.E.
E-mail: info@magnuscca.com | www. magnuscca.com

Italica Global - F.Z.C
Ajman Free Zone, Ajman, U.A.E.

Statement of Financial Position
As at 31st March, 2023

	Notes	2023 AED	2022 AED
Non Current Assets:			
Investment in shares	6	159,810	137,328
		159,810	**137,328**
Current Assets:			
Accounts receivable	7	6,936,425	5,233,715
Cash and balance with bank	8	40,249	21,866
Advances and deposits	9	8,342,225	8,342,225
		15,318,899	**13,597,806**
Total Assets		**15,478,709**	**13,735,134**
Equity:			
Share capital	2	185,000	185,000
Statutory reserve	10	3,013,621	3,013,621
Retained earnings	11	5,480,088	3,736,513
		8,678,709	**6,935,134**
Current Liabilities:			
Other payable & provisions	12	6,800,000	6,800,000
Total Liabilities		**6,800,000**	**6,800,000**
Total Equity and Liabilities		**15,478,709**	**13,735,134**

The accompanying notes on pages 7 to 18 form an integral part of these financial statements.
The Auditor's Report is set out on page 1 & 2.

For Italica Global - F.Z.C

Authorized Signatory

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31st March, 2023

	Notes	2023	2022
		AED	**AED**
Sales	13	2,070,506	2,254,733
Cost of sales	14	(1,967,302)	(2,171,866)
Gross Profit		**103,204**	**82,867**
Operating Expenses			
Administration expenses	15	(396,736)	(257,228)
Interest and Dividend Income		2,037,107	968,742
		1,640,371	**711,514**
Net Profit for the Year		**1,743,575**	**794,381**
Other comprehensive income		-	-
Total Comprehensive Income for the Year		**1,743,575**	**794,381**

The accompanying notes on pages 7 to 18 form an integral part of these financial statements.
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Statement of Cash Flows
For the year ended 31st March, 2023

	2023	2022
	AED	**AED**
Cash flows from operating activities		
Net profit for the year	1,743,575	794,381
Operating cash flows before changes in net operating assets	1,743,575	794,381
(Increase) / Decrease in Current Assets		
Accounts receivable	(1,702,710)	(5,233,715)
Advances and deposits	-	(8,342,225)
Increase / (Decrease) in Current Liabilities		
Other payable & provisions	-	6,800,000
Net cash generated from / (used in) operating activities (A)	**40,865**	**(5,981,559)**
Cash flows from investing activities		
Investment in shares	(22,482)	(137,328)
Net cash used in investing activities (B)	**(22,482)**	**(137,328)**
Cash flows from financing activities		
Equity opening balance	-	6,140,753
Net cash generated from financing activities (C)	**-**	**6,140,753**
Net increase in cash and cash equivalents (A+B+C)	**18,383**	**21,866**
Cash and cash equivalents at beginning of the year	21,866	-
Cash and cash equivalents at end of the year	**40,249**	**21,866**

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Statement of Changes in Equity
For the year ended 31st March, 2023

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
At 1st April, 2021	185,000	3,013,621	2,942,132	6,140,753
Total comprehensive income for the year	-	-	794,381	794,381
At 31st March, 2022	**185,000**	**3,013,621**	**3,736,513**	**6,935,134**
Total comprehensive income for the year	-	-	1,743,575	1,743,575
At 31st March, 2023	**185,000**	**3,013,621**	**5,480,088**	**8,678,709**

The accompanying notes on pages 7 to 18 form an integral part of these financial statements.
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Notes to the Financial Statements
For the year ended 31st March, 2023

1 Legal status and activities

1.1 **Italica Global - F.Z.C** was registered in Ajman Free Zone on 22nd December, 2016 as a Free Zone Company-F.Z.C Under the rules and regulations Ajman Free Zone with License No. 20377 issued by Ajman Free Zone, Government of Ajman. The registered address of the company is Office -C1-309 B , Ajman Free Zone, Ajman, U.A.E.

1.2 The company is managed by Mr. Parag Kantilal Shah Shah Kantilal Popatlal, an Indian national.

1.3 The company is primarily engaged in the business of the general trading, import & export.

2 Shareholding

2.1 The shareholding of the company is as follows:

Name	Nationality	No. of shares	Value per share AED	Total value AED	% age
1. Mr. Asad Daud (Shares held on behalf of Sat Industries Limited)	Indian	99	1,850	183,150	99
2. Mr. Parag Kantilal Shah Shah (Shares held on behalf of Sat Industries Limited)	Indian	1	1,850	1,850	1
		100		**185,000**	**100**

2.2 The authorized and paid up share capital of the company is AED 185,000/- divided into 100 shares of AED 1,850/- each.

3 Application of New and Revised International Financial Reporting Standards (IFRs)

The Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective from January 1, 2020. The following amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Company.

Amendments to IFRS 16: COVID-19 - Related Rent Concessions, effective from 1st June 2020.

References to Conceptual Framework in IFRS Standards, effective from 1st January 2020.

Amendments to IAS 1 and IAS 8: Definition of Material, effective from 1st January 2020.

Amendments to IFRS 3: Definition of a Business, effective from 1st January 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform, effective from 1st January 2020.

4 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC), and applicable requirements of the U.A.E. Law. The financial statements are presented in Arab Emirates Dirham (AED).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed.

Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore fairly present the financial position and results.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Accounting convention

These financial statements have been prepared under the historical cost convention. The fair / net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under IFRSs.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency in which the majority of its transactions are denominated ("the functional currency"). The financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and presentation currency.

Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from Contracts with Customers

IFRS 15 *"Revenue from contracts with customers"* replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognized: i) Identify contracts with customers: ii) Identify the separate performance obligation: iii) Determine the transaction price of the contract: iv) Allocate the transaction price to each of the separate performance obligations, and v) Recognize the revenue as each performance obligation is satisfied.

4 Summary of Significant Accounting Policies (Continued)

Revenue from Contracts with Customers (Continued)

Key changes to current practice are:

Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

Revenue may be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognized if they are not at significant risk of reversal.

The point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa.

There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.

Increased required disclosures.

Fair value measurement

The Company measures financial instruments at fair value at each financial position date.

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

In the principal market for the asset or liability or

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation Techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

4 Summary of Significant Accounting Policies (Continued)

Fair value measurement (Continued)

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are mentioned in the respective notes.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets otherwise as non-current assets. Accounts receivable are carried at the invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of Cash Flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Statement of Financial Position.

Accounts payable, provisions and accruals

Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation 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 of the amount of the obligation can be made.

4 Summary of Significant Accounting Policies (Continued)

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.

Financial assets

Initial recognition and measurement

As per IFRS 9, Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at amortised cost (debt instruments);

Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);

Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on a specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

4 Summary of Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

The Company's financial assets at amortised cost includes trade receivable, deposits and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

The rights to receive cash flows from the asset have expired; 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.

4 Summary of Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and reward of the asset, not transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

For trade receivable, the Company has applied a combination of the simplified and general approach permitted by IFRS 9. Simplified approach is applied to a portfolio of trade receivable that are homogeneous in nature and carry similar credit risk. Under general approach, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities includes bank borrowings and trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

4 Summary of Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities (Continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit of loss.

Offsetting of financial instruments

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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Related parties

Related parties are considered to be related because they have the ability to exercise control over the Company or to exercise significant influence or joint control over the Company's financial and operating decisions. Further, parties are considered related to the Company when the Company has the ability to control, significant influence, or joint control over the financial and operating decisions of those parties. Transactions with related parties, normally, comprise of transfer of resources, services or obligations between the parties. At the statement of financial position date, the related parties' balances are stated at their net realizable value.

Foreign currency transactions

As per IAS 21, Foreign currency transactions should be recorded initially at the rate of exchange at the date of the transaction (use of averages is permitted if they are a reasonable approximation of actual).

At each subsequent balance sheet date.

Foreign currency monetary amounts should be reported using the closing rate.

Non-monetary items carried at historical cost should be reported using the exchange rate at the date of the transaction.

Non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined.

Exchange differences arising when monetary items are settled or when monetary items are translated at rates different from those at which they were translated when initially recognized or in previous financial statements are reported in the 'Statement of Profit or Loss and Other Comprehensive Income'. on net basis as either 'Foreign exchange gains' or 'Foreign exchange losses' and included in 'Other operating income' or "Other operating expenses' respectively.

Impairment of assets

As per IAS 36, At the end of each reporting period, the entity is require to reviews the carrying amounts of its tangible and intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill are reviewed at the end of each reporting period for possible reversal of the impairment loss.

4 Summary of Significant Accounting Policies (Continued)

Staff terminal benefits - Gratuity

Amounts required to cover end of service indemnity at the balance sheet date are computed pursuant to the United Arab Emirates Federal Labour Law based on the employees' accumulated year of service and current basic remuneration at the balance sheet date.

5 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in note 3, the management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Satisfaction of performance obligations under IFRS 15 Revenue from contracts with customers

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. Revenue is recognized when the Company satisfies a performance obligation by transferring the promised good or service to the customer, which is when the customer obtains control of the good or service.

Determination of transaction prices

In the process of determining transaction prices in respect of its contracts with customers, the Company assesses impact of any variable consideration in the contract due to discounts, penalties, the existence of any significant financing component or any non cash consideration. In determining the impact of variable consideration the Company uses the most likely amount method under IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Any difference between the amounts actually collected in a future period and the amounts expected, will be recognized in the income statement in that period.

5 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

				2023	2022
				AED	**AED**
6	**Investment in shares**			**159,810**	**137,328**
		No. of Shares	**Amount**		
	Aeroflex Industries Limited	7454830	5,000		
	Vested Finance Inc.	59491	22,050		
	Mycelium Software Inc.	84000	6		
	Laminar Global Fund	30000	132,300		
	Field Proxy Inc.	123725	454		
			159,810		
7	**Accounts receivable**			**6,936,425**	**5,233,715**
8	**Cash and balance with bank**			**40,249**	**21,866**
9	**Advances and deposits**				
	Advances & loan	(Note 9.1)		8,340,225	8,340,225
	Deposits			2,000	2,000
				8,342,225	**8,342,225**

9.1 This represents loan given to companies which is unsecured, and recoverable on demand.

10	**Statutory reserve**	**3,013,621**	**3,013,621**

As per the U.A.E. Federal Commercial Company Law, 10% of the net profits of the company has been transferred to statutory reserve each year. Such transfer may be discontinued as the statutory reserve equals to 50% of the paid up share capital.

		2023	2022
11	**Retained earnings**		
	Opening balance	3,736,513	2,942,132
	Total comprehensive income for the year	1,743,575	794,381
		5,480,088	**3,736,513**

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			2023	2022
			AED	**AED**
12	**Other payable & provisions**			
	Other payable	(Note 12.1)	6,800,000	6,800,000
			6,800,000	**6,800,000**

12.1 This represents loan taken from companies which is unsecured, and payable on demand.

13	**Sales**	(Note 13.1)	**2,070,506**	**2,254,733**

13.1 The detail of the revenue according to the laws of Value Added Tax (VAT) is as follows:

	AED
Out of Scope sales revenue	**2,070,506**

		2023	2022
14	**Cost of sales**		
	Purchases & direct expense	**1,967,302**	**2,171,866**
15	**Administration expenses**		
	Salaries and benefits	297,000	168,000
	Printing, stationery and couriers	6,100	-
	Legal, professional and visa charges	83,533	78,036
	Travelling & conveyance	5,558	4,502
	Other expenses	4,545	6,690
		396,736	**257,228**

16 Fair value of financial instruments

The company's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The fair value of the company's financial instruments is not materially different from the carrying value at 31st March, 2023.

17 Liquidity and interest risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The company aims to maintain adequate cash and bank balances to meet its operating commitments. In addition, the company has an arrangement to settle its liabilities and obligations on a timely basis in order to ensure that the company has sufficient liquidity to meet its operating requirements.

Interest rate risk arises from mismatches in the interest rate profile of the company's assets and liabilities. Cash flow interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The company takes on minimal exposure to the effects of fluctuations in the prevailing levels of market interest rates on cash flow as the company's interest earning assets and interest bearing liabilities carry a fixed rate of interest. The company takes on minimal exposure to the effects of fluctuations in the prevailing levels of market interest rates on fair value interest rate risk. The company strives to maintain an interest rate profile that will lead to financial performance consistent with its long term objectives.

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18 Exchange rate risk

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including cost of revenue and revenue are in U.A.E. Dirhams, the company is not exposed to a significant exchange rate risk.

19 Contingencies and commitments

As at 31st March, 2023 the company had no contingencies and commitments.

20 Comparative figures

Previous year's figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. Figures of the company have been rounded off to nearest AED 1/-.

The accompanying notes on pages 7 to 18 form an integral part of these financial statements.
The Auditor's Report is set out on page 1 & 2.

For Italica Global - F.Z.C

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