Parker Russell

Chartered Accountants & Business Advisers

Auditing & Assurance
Accounting & Outsourcing
Taxation Consultancy
IT & ERP Consultancy

Arbitration & Expert
Business Set-up in UAE
Company Liquidation
Management Consultancy

SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

AND INDEPENDENT AUDITOR'S REPORT

SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

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SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of SCRABBLE ENTERTAINMENT DMCC (the 'Entity') for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Entity is trading in Audio-Visual, Recording equipments and accessories.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on Note 3 to the financial statements.

FINANCIAL ANALYSIS

The table below summarizes the results of 31 March 2023 and 31 March 2022 .

	31-Mar-23	**31-Mar-22**
Summarized Income Statement	AED	AED
Revenue	32,844,068	24,488,467
Less: Cost of revenue	(27,830,515)	(20,720,080)
Gross profit	**5,013,553**	**3,768,387**
Add: Other income	4,233,743	3,904,344
Less: General and administrative expenses	(3,499,771)	(2,999,471)
Less: Finance expenses	(33,925)	(10,065)
Less: Depreciation	(101,452)	(163,855)
Net profit	**5,612,148**	**4,499,340**
Gross profit %	**15.26%**	**15.39%**
Net profit %	**17.09%**	**18.37%**
Summarized Balance Sheet		
Assets & Liabilities		
Non current assets	696,183	433,850
Current assets	17,478,374	20,809,054
Non current liabilities	(1,089,509)	(829,077)
Current liabilities	(8,093,490)	(11,334,417)
	8,991,558	**9,079,410**

SCRABBLE ENTERTAINMENT DMCC
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ENTERTAINMENT DMCC

Scrabble Entertainment DMCC
1 Lake Plaza, 24th Floor, Unit Number 2405
Cluster T, Jumeirah Lake Towers, Dubai, UAE.
TRN : 100384582100003

DIRECTORS' REPORT (continued)

DIRECTORATE

The current Directorate of the Entity is set out below:

Mr. Sunil Patil

Mr. Ashish Sadanand Malushte

Mr. Rajesh Bhawati Mishra

SIGNIFICANT EVENT

The spread of COVID - 19 virus has caused business disruption beginning from January 2020 and the World Health Organisation (WHO) has declared this virus to be a public health emergency on January 31, 2020. This is further disclosed in note # 26 of these financial statements.

BRANCHES

There are no branches of the company, other than (if any) disclosed in note # 1 of these financial statements.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Governing Law requires the Directors to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs of the Entity and of the net profit or loss for the year.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Entity and to enable them to ensure that the financial statements comply with relevant Governing Laws.

AUDITORS

The auditors, Parker Russell Obaid Auditing (Formerly "Haris & Associates Auditing"), have expressed their willingness to continue in office.

On behalf of the Board of Directors

Mr. Pruthu Rajesh Shah

Manager

Dubai - United Arab Emirates.

SCRABBLE ENTERTAINMENT DMCC

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ENTERTAINMENT DMCC

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INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS
SCRABBLE ENTERTAINMENT DMCC
DUBAI - UNITED ARAB EMIRATES

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SCRABBLE ENTERTAINMENT DMCC (the 'Entity'), which comprises the statement of financial position as at 31 March 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 Entity as at 31 March 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Entity's financial statements in the UAE, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Management and Directors are responsible for the other information. The other information comprises Directors report which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

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 and their preparation in compliance with the applicable provisions of the requirements of DMCCA Company Regulations 2020 and the requirements of UAE Federal Decree Law No. (32) of 2021 and its amendments, and for such internal control as management determines 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 evidenced obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 disclosure 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 Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (continued)

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

We communicate with the 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

Further, as required by the the requirements of DMCCA Company Regulations 2020 and the requirements of UAE Federal Decree Law No. (32) of 2021 and its amendments, we report that:

i) we have obtained all the information and explanations which we considered necessary for our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the the requirements of DMCCA Company Regulations 2020 and the requirements of UAE Federal Decree Law No. (32) of 2021 and its amendments;

iii) the Entity has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Entity;

v) note # 14 to the financial statements discloses material related party transactions and the terms under which they were conducted;

vi) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened during the financial year ended 31 March 2023 any of the applicable provisions of the the requirements of DMCCA Company Regulations 2020 and the requirements of UAE Federal Decree Law No. (32) of 2021 and its amendments or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2023.

Parker Russell Obaid Auditing

(Formerly "Haris & Associates Auditing")

Mansour Abdul Wahab

Registered Auditor No. 381

Dubai, United Arab Emirates

09 May 2023

SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

		31-Mar-23	31-Mar-22
ASSETS	**Notes**	AED	AED
NON-CURRENT ASSETS			
Property, plant & equipment		228,429	273,884
Right of use of assets	6	250,046	-
Investments	7	217,708	159,966
Total non-current assets		**696,183**	**433,850**
CURRENT ASSETS			
Inventories	8	1,802,930	1,303,676
Trade and other receivables	9	5,904,882	6,102,791
Due from related parties	10.2.1	265,226	-
Deposits with banks	11	6,000,000	10,000,000
Cash and bank balances	12	3,505,336	3,402,587
Total current assets		**17,478,374**	**20,809,054**
TOTAL ASSETS		**18,174,557**	**21,242,904**
EQUITY & LIABILITIES			
EQUITY			
Share capital	13	3,000,000	3,000,000
General reserve	14	1,500,000	1,500,000
Retained earnings		4,491,558	4,579,410
Total equity		**8,991,558**	**9,079,410**
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for end of service benefits	15	926,172	829,077
Lease Liabilities - non current	16.1	163,337	-
Total non-current liabilities		**1,089,509**	**829,077**
CURRENT LIABILITIES			
Lease Liabilities - current	16.2	58,773	-
Due to related parties	10.2.2	5,959	679
Trade and other payables	17	8,028,758	11,333,738
Total current liabilities		**8,093,490**	**11,334,417**
Total liabilities		**9,182,999**	**12,163,494**
TOTAL EQUITY & LIABILITIES		**18,174,557**	**21,242,904**

Mr. Pruthu Rajesh Shah

Manager

SCRABBLE ENTERTAINMENT DMCC DUBAI - U.A.E.

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

SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	31-Mar-23	31-Mar-22
		AED	AED
Revenue	18	32,844,068	24,488,467
Cost of revenue	19	(27,830,515)	(20,720,080)
Gross profit		**5,013,553**	**3,768,387**
Other income	20	4,233,743	3,904,344
		9,247,296	**7,672,731**
Less:			
General & administrative expenses	21	3,499,771	2,999,471
Finance charges	22	33,925	10,065
Depreciation of property, plant & equipment	5	101,452	163,855
Total expenses		**3,635,148**	**3,173,391**
Net profit for the year		**5,612,148**	**4,499,340**
Other comprehensive income/(expenses)		-	-
Total comprehensive income for the year		**5,612,148**	**4,499,340**

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

SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital	General Reserve	Retained Earnings	Total
	AED	AED	AED	AED
Balance as at 01 April 2021	**3,000,000**	**1,500,000**	**5,081,070**	**9,581,070**
Total comprehensive income for the year	-	-	4,499,340	**4,499,340**
Dividend paid			(5,001,000)	**(5,001,000)**
Balance as at 31 March 2022	**3,000,000**	**1,500,000**	**4,579,410**	**9,079,410**
Total comprehensive income for the year	-	-	5,612,148	**5,612,148**
Dividend paid	-	-	(5,700,000)	**(5,700,000)**
Balance as at 31 March 2023	**3,000,000**	**1,500,000**	**4,491,558**	**8,991,558**

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	31-Mar-23 AED	31-Mar-22 AED
Cash flows from operating activities			
Net profit for the year		5,612,148	4,499,340
Adjustments for:			
Depreciation of property, plant & equipment	5	101,452	163,855
Amortisation of Right of Use	6	62,511	-
Profit on sale/transfer of property, plant & equipment	20	(26,216)	(34,751)
Finance costs	22	33,925	10,065
Provision for end of service benefits	15	122,669	162,574
Operating cash flows before working capital changes		**5,906,489**	**4,801,083**
Working capital changes			
Inventory		(499,254)	419,592
Trade and other receivables		197,909	4,434,283
Due from related parties		(265,226)	(1,254,371)
Due to related parties		5,280	-
Trade and other payables		(3,304,980)	3,778,613
Cash generated from operating activities		**2,040,217**	**12,179,200**
Interest paid	23	(26,872)	(10,065)
End of service benefits paid	15	(25,573)	-
Net cash flows from operating activities		**1,987,772**	**12,169,135**
Cash flows from investing activities			
Purchase of property, plant & equipment	5	**(94,371)**	(395,790)
Lease rent paid		(97,500)	-
Proceeds from sale of property, plant & equipment		64,590	381,466
Fixed / margin deposits with banks		4,000,000	(7,568,179)
Investments		(57,742)	-
Net cash flows used in investing activities		**3,814,977**	**(7,582,503)**
Cash flows from financing activities			
Dividend paid		(5,700,000)	(5,001,000)
Net cash flows used in financing activities		**(5,700,000)**	**(5,001,000)**
Net (decrease) / increase in cash and cash equivalents		**102,749**	**(414,368)**
Opening cash and cash equivalents		3,402,587	3,816,955
Closing cash and cash equivalents	12	**3,505,336**	**3,402,587**

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

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1 CORPORATE INFORMATION

1.1 General

SCRABBLE ENTERTAINMENT DMCC ("the Entity") is registered as a Company with Limited Liability in Dubai Multi Commodities Centre, Dubai, United Arab Emirates, incorporated under the provisions of the DMCCA Company Regulations 2020 by the Dubai Multi Commodities Centre Authority. The Entity operates under Trade license No. JLT-66360 issued on 27 September 2011.

The registered office of the Entity is Unit No. 2405, 1-Lake Plaza, Plot No. JLT-PH2-T2A, Jumeirah Lake Towers, Dubai, United Arab Emirates.

1.2 Principal activities

The principal activities of the Entity is trading in Audio-Visual, Recording equipments and accessories.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of DMCCA Company Regulations 2020 and the requirements of UAE Federal Decree Law No. (32) of 2021 and its amendments.

The Federal Decree-Law No. 32 of 2021, which repeals and replaces Federal Law No. 2 of 2015 (as amended) on Commercial Companies was issued on 20 September 2021, and shall take effect starting from 02 January 2022. The Entity shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention unless otherwise indicated.

2.3 Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (AED), the Entity's functional and presentation currency and are rounded to the nearest value.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Significant areas where considerable management judgment is required are disclosed along with accounting policies.

2.5 Going concern

The financial statements are prepared on a going concern basis which assumed that the Entity will continue to operate as a going concern for the foreseeable future.

2.6 Comparative information

* The accounting policies and estimates adopted are consistent with those used in previous financial years.

* Certain comparative figures are regrouped and rearranged wherever necessary to conform to the presentation adopted in these financial statements. Such reclassification do not affect previously reported net income or shareholders' equity.

SCRABBLE ENTERTAINMENT DMCC DUBAI - U.A.E.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies

The accounting policies applied in the preparation of these financial statements are consistent with those applied by the Entity in its annual audited financial statements as at and for the year ended 31 March 2022 , except to the extent of impact of the 'New and revised IFRSs adopted on these financial statements' from 1 April 2021, as set out in Note 4.

3.2 Foreign currencies

The financial statements are presented in United Arab Emirates Dirham (AED), which is the Entity's functional and presentation currency. Transactions in foreign currencies are recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denomination in foreign currencies are converted at the rate of exchange ruling at the date of financial position. The resultant foreign exchange gains and losses are recognized in the Income statement.

3.3 Property, plant and equipment

(a) Cost and valuation

Property, plant & equipment are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition or construction. Where items of property, plant and equipment are subsequently revalued such revalued property, plant and equipment are carried at revalued amounts less any subsequent depreciation thereon and impairment.

(b) Subsequent costs

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost can be reliably measured.

Cost of repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

(c) Depreciation

Depreciation on property, plant & equipment is provided on a straight line basis at the rates calculated to write off the cost of each asset by equal annual instalments over its expected useful life.

Management reviews the residual values and estimated useful lives at the end of each annual reporting period in accordance with IAS 16 and IAS 38. Management determined that current year expectations do not differ from previous estimates based on its review.

The rates of depreciation are based upon the following estimated useful lives: -

Furniture & Fittings	6 Years
Equipment	3 to 6 Years
Building renovations	3 Years
Vehicles	3 Years

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising 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 in the year the asset is derecognised.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Investment in subsidiaries

Investment in subsidiaries is measured at acquisition cost less impairment losses, if any.

3.5 Investment in associates

Associates are those entities in which the Entity has significant influence, but not control or joint control, over the financial and operating policies.

Investment in associates are accounted for using the cost method.

3.6 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. The cost of inventory comprises the cost of purchase and other costs incurred in bringing the inventory to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

3.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment 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 purposes of assessing impairment, assets are grouped at the lowest levels for which these are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.8 Financial instruments

Financial assets and financial liabilities are recognised in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

3.9 Financial assets

Initial measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent classification and measurement

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

• Financial assets at amortised cost

• 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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

• Financial assets at amortised cost

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

• Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised 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 recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

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

Upon initial recognition, the Entity 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.

• Financial assets at fair value through profit or loss

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 recognised in the statement of profit or loss.

Impairment of financial assets

The Entity has financial assets under "trade and other receivables" that are subject to the expected credit loss model under IFRS 9. The Entity has applied the simplified approach to measuring the expected credit losses which uses lifetime expected losses allowance for all trade receivables and financial investments, if any. To measure the expected credit losses, trade receivables have been grouped based on similar credit risk characteristics and days past due. The revised impairment methodology has not resulted in additional credit loss in trade receivables.

Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

• The Entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;

• The Entity has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Entity has transferred its right 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 the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Entity's continuing involvement in the asset. Continuing 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 Entity could be required to repay.

3.10 Financial liabilities

Initial measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent classification and measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories at the time of initial recognition:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

• Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured using the effective interest (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

• Financial liabilities at fair value through profit or loss

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

Financial liabilities fair value through profit or loss are subsequently measured at fair value. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. Where 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, then the difference in the respective carrying amounts is recognised in the profit or loss.

3.11 Offsetting financial instruments

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Fair value of financial instruments

Management considers that the fair values of the Entity's financial assets and liabilities are not materially different from their carrying values in the date of statement of financial position.

3.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are stated at the amounts that they are estimated to realize net of provision for bad and doubtful receivables.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

Allowance for doubtful debts

Allowance for doubtful debts is determined using a combinations of factors to ensure that the receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors including the overall quality and ageing of the receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's liability to meet its financial obligations.

3.14 Cash and cash equivalents

Cash and cash equivalents are defined as cash and bank balances that are readily convertible to known amounts of cash and which are subjected to an insignificant risk of changes in values.

3.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.16 Provisions

Provision are recognized when the business 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 can be made. Provisions are not recognized for future operating losses.

3.17 Employee's end of service benefits

The Entity provides end of services benefits to its employees. The entitlement to those benefits is usually based upon the employees' length of services and the completion of a minimum services period. The expected costs of these benefits are accrued over the period of employment and in accordance with U.A.E. Labour Law.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Revenue recognition

Revenue from contracts with customers

IFRS 15 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

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

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

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

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Entity will allocate the transaction price to

Step 5 Recognise revenue as and when the Entity satisfies a performance obligation.

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

• The customer simultaneously receives and consumes the benefits provided by the Entity's performance as the Entity performs; or

• The Entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

• The Entity's performance does not create an asset with an alternative use to the Entity and the Entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.
The Entity has elected to apply the input method. The Entity considers that the use of input method, which requires revenue recognition on the basis of the Entity's efforts to the satisfaction of the performance obligation, provides the best reference to revenue actually earned. In applying the input method the Entity estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors and the cost of meeting other contractual obligations to the customers.

When the Entity satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.
Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Entity assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Entity has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the income statement to the extent that it is probable that the economic benefits will flow to the Entity and the revenue and costs, if applicable, can be measured reliably.

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4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

4.1 New and revised IFRSs adopted on these financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 9/IAS 39 and IFRS 7 In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments are applicable to the company prospectively or retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.	1 January 2021
Amendment to IFRS 16 In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date. Amendments in IFRS 4, 7, 9, 16 and IAS 39 regarding pre-replacement issues in the context of the IBOR reform.	1 January 2021
Amendment to IFRS 16 'Leases', Covid-19-Related Rent Concessions beyond 30 June 2021, extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.	30 June 2021

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

4.2 New and revised IFRSs adopted on these financial statements

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to IFRS 3 – Reference to the Conceptual Framework The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.	1 January 2022

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4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 3 – Reference to the Conceptual Framework (continued) The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an Company also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	1 January 2022
Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Consequently, an Company recognises such sales proceeds and related costs in profit or loss. The Company measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly.	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences.	1 January 2022
IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an Company includes only fees paid or received between the Company (the borrower) and the lender, including fees paid or received by either the Company or the lender on the other's behalf.	1 January 2022
IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements.	Effective date was not stated

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4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.	1 January 2022
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.	1 January 2023
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2023.	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".	1 January 2023, with earlier adoption permitted.
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an Company does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.	1 January 2023, with earlier adoption permitted.
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	Effective date deferred indefinitely.
The amendments to IFRS 10 and IAS 28 relates to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5 PROPERTY, PLANT & EQUIPMENT

	Equipment	Building Renovations	Vehicles	Furniture & Fixtures	Total
Cost	AED	AED	AED	AED	**AED**
Balance as at 01 April 2022	3,412,827	50,000	295,696	52,445	**3,810,968**
Purchased during the year	94,371	-	-	-	**94,371**
Disposals during the year	(62,390)	-	-	-	**(62,390)**
Balance as at 31 March 2023	**3,444,808**	**50,000**	**295,696**	**52,445**	**3,842,949**
Accumulated Depreciation					
Balance as at 01 April 2022	3,195,512	45,320	275,165	21,087	**3,537,084**
Charged for the year	67,498	4,680	20,531	8,743	**101,452**
Disposals during the year	(24,016)	-	-	-	**(24,016)**
Balance as at 31 March 2023	**3,238,994**	**50,000**	**295,696**	**29,830**	**3,614,520**
Net Book Value					
Balance as at 31 March 2023	**205,814**	**-**	**-**	**22,615**	**228,429**
Balance as at 31 March 2022	**217,315**	**4,680**	**20,531**	**31,358**	**273,884**

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6 RIGHT OF -USE OF- ASSETS

The Entity leases office and the lease term considered is for 5 years.

	NOTE	31-Mar-23 AED	31-Mar-22 AED
At 1 April		-	-
Addition during the year		312,557	-
Depreciation expenses	20	(62,511)	-
Balance at 31 December		**250,046**	-

7 INVESTMENTS

	31-Mar-23 AED	31-Mar-22 AED
Investment in subsidiary		
M/s. Scrabble Entertainment (Lebanon) SARL - Lebanon	-	12,258
Investment in joint venture		
M/s. Scrabble Ventures S. de R.L. de C.V - Mexico	708	708
Investment in associate		
M/s. Scrabble Audio Visual Equipment Trading LLC - Dubai, U.A.E.	147,000	147,000
M/s. Scrabble Digital Services DMCC - Dubai, U.A.E.	70,000	-
	217,708	**159,966**

Scrabble Entertainment (Lebanon) SARL - Lebanon

On 13 March 2012, Scrabble Entertainment (Lebanon) SARL - Lebanon was incorporated by the Entity with holding 99.96% interest in the Subsidiary at a cost of AED 12,258. The main activity of the subsidiary is importation and installation and supplying of projectors for cinemas and related construction works. Considering the present financial and political situation in Lebanon, the management has decided to write off this amount during the period. Also refer note 15.

Scrabble Ventures S. de R.L. de C.V - Mexico

On 26 July 2013, the Entity invested in Scrabble Ventures S. de R.L. de C.V - Mexico, a Joint Venture, representing a 50% interest in the Venture at a cost of AED 708.

Scrabble Audio Visual Equipment Trading LLC., - Dubai, United Arab Emirates.

On 25 June 2018, Scrabble Audio Visual Equipment Trading LLC - Dubai was incorporated by the Entity with holding 49% interest in the Associate at a cost of AED 147,000.

Scrabble Digital Services DMCC., - Dubai, United Arab Emirates.

On 6 January 2023, the entity paid AED. 70,000/- as investment against 70 shares @ AED. 1,000/- per share in an associate, Scrabble Digital Services DMCC, Dubai, U.A.E..

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8 INVENTORY

	31-Mar-23	31-Mar-22
	AED	AED
Gross inventory	2,161,704	1,591,374
Less: Allowance for obsolete inventories	(358,774)	(287,698)
Net inventory	**1,802,930**	**1,303,676**

9 TRADE & OTHER RECEIVABLES

	NOTE	31-Mar-23	31-Mar-22
		AED	AED
Trade receivables	9.1	6,626,826	8,170,721
Less: Provision for doubtful debts		(1,488,180)	(3,960,958)
Net trade receivables		**5,138,645**	**4,209,763**
Prepayments		184,409	393,327
Refundable deposits		2,000	8,000
Staff loans and advances		323,632	28,288
Advance to suppliers & other receivables		256,196	1,463,413
		5,904,882	**6,102,791**

9.1 Ageing of trade receivables

	31-Mar-23	31-Mar-22
0 to 90 days	1,691,387	2,263,369
91 to 180 days	3,420,297	261,550
181 to 240 days	25,962	6,129
241 to 365 days	-	2,888
Above 365 days	1,488,180	5,636,786
	6,626,826	**8,170,721**

Movement of provision for doubtful debts is as follows:

	31-Mar-23	31-Mar-22
	AED	AED
Balance at the beginning of the year	3,960,958	3,907,806
Provided during the year	-	53,152
Written off during the year	(851,219)	-
Reversed during the year	(1,621,559)	-
Balance at the end of the year	**1,488,180**	**3,960,958**

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10 RELATED PARTIES

10.1 Identity of related parties

Related parties comprise the shareholders of the Entity, key management personnel and such other entities over which the Entity, its shareholders or the key management personnel can exercise control or significant influence or can be controlled or significantly influenced by those Entities. The terms of these transactions are approved by the Entity's management.

10.2 Balances

	31-Mar-23	31-Mar-22
10.2.1 Due from related parties	AED	AED
M/s. Scrabble Digital Services DMCC, Dubai	265,226	-
	265,226	**-**

	31-Mar-23	31-Mar-22
10.2.2 Due to related parties	AED	AED
M/s. Scrabble Digital DMCC	5,959	679
	5,959	**679**

10.3 Transactions with related parties

Significant transactions with related parties during the period included:

		31-Mar-23	31-Mar-22
	NOTE	AED	AED
Funds received from /expenses paid by related parties		3,571,764	6,400,627
Fund transfers to / expense paid for related parties		1,559,625	4,513,627
Sales made to related parties	18	2,283,095	3,146,876
Purchases made from related parties	19	11,010	5,505
Dividend income	20	-	3,000,000
Consultancy income	20	45,875	55,050

11 DEPOSITS WITH BANKS

	31-Mar-23	31-Mar-22
	AED	AED
RAK Bank, Dubai - Fixed deposit	6,000,000	10,000,000
	6,000,000	**10,000,000**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12 CASH AND BANK BALANCES

Cash and cash equivalents included in the statement of cash flows comprise the followings:

	31-Mar-23	31-Mar-22
	AED	AED
Cash balances	5,423	175
Bank balances	3,499,913	3,402,412
Cash and bank balances	**3,505,336**	**3,402,587**

13 SHARE CAPITAL

The capital of the Entity is AED 3,000,000 (Dirhams Three Million only), with limited liability, divided into 3,000 (Three Thousand) shares, the value of each share being AED 1,000 (Dirhams One Thousand Only).

The capital of the Entity as per the Memorandum of Association is as follows:

Name of Shareholders	%	No. of Shares	Total Value in AED
M/s. Scrabble Entertainment Ltd., India	10%	300	300,000
M/s. Scrabble Entertainment (Mauritius) Ltd., Mauritius	90%	2700	2,700,000
TOTAL	**100%**	**3000**	**3,000,000**

14 GENERAL RESERVE

	31-Mar-23	31-Mar-22
	AED	AED
Balance at the beginning of the year	1,500,000	1,500,000
Balance at the end of the year	**1,500,000**	**1,500,000**

15 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	31-Mar-23	31-Mar-22
	AED	AED
Balance at the beginning of the year	829,077	666,503
Charged during the year	122,669	162,574
Paid during the year	(25,573)	-
Balance at the end of the year	**926,172**	**829,077**

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16 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities in connection with lease of office premises.

	31-Mar-23	31-Mar-22
	AED	AED
Balance at the beginning of the year	-	-
Additions during the year	312,557	-
Finance cost	7,053	-
Paid during the year	(97,500)	-
Balance at the end of the year	**222,110**	**-**
16.1) Non - current	163,337	-
16.2) Current	58,773	-
	222,110	**-**

17 TRADE & OTHER PAYABLES

	31-Mar-23	31-Mar-22
	AED	AED
Trade payables	4,812,907	4,268,525
Accrued expenses and other payables	1,729,475	1,358,776
Advance from customers	1,471,964	5,603,485
Deferred AMC & part warranty	2,665	83,011
VAT payable	11,747	19,941
	8,028,758	**11,333,738**

18 REVENUE

	31-Mar-23	31-Mar-22
	AED	AED
Equipment & spares	32,611,861	24,428,166
AMC & part warranty income	232,207	60,301
	32,844,068	**24,488,467**

Revenue includes sales made to related parties amounting to AED 2,283,095 (2022: AED 3,146,876).

19 COST OF REVENUE

	31-Mar-23	31-Mar-22
	AED	AED
Materials consumed	25,315,217	19,876,570
Other direct expenses	2,515,298	843,510
	27,830,515	**20,720,080**

Cost of revenue includes purchases from related parties amounting to AED 11,010 (2022: AED 5,505).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20 OTHER INCOME

	31-Mar-23	31-Mar-22
	AED	AED
Dividend income	-	3,000,000
Interest income	82,413	15,749
Consultancy, freight & miscellaneous income	1,442,782	853,844
Profit on sale/transfer of assets	26,216	34,751
Reversal of overprovision of doubtful debts	1,621,559	-
Payable written back	1,060,773	-
	4,233,743	**3,904,344**

Consultancy income of AED 45,875 (2021 : AED 55,050) represents consultancy income received from an associate entity, M/s. Scrabble Digital DMCC, Dubai, United Arab Emirates.

21 GENERAL & ADMINISTRATIVE EXPENSES

	NOTE	31-Mar-23	31-Mar-22
		AED	AED
Staff cost	21.1	2,680,397	2,388,175
Rent expenses		56,175	95,927
Bad and doubtful debts		-	53,152
Investments written off	7	12,258	-
Depreciation - Right of Use	6	62,511	-
Other expenses		688,430	462,217
		3,499,771	**2,999,471**

21.1 STAFF COST

	NOTE	31-Mar-23	31-Mar-22
		AED	AED
Staff salaries & allowances		2,557,728	2,225,601
End of service benefits	15	122,669	162,574
		2,680,397	**2,388,175**

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22 FINANCE CHARGES

	31-Mar-23	31-Mar-22
	AED	AED
Bank charges	26,872	10,065
Finance cost lease liability	7,053	-
	33,925	**10,065**

23 COMMITMENTS AND CONTINGENCIES

	31-Mar-23	31-Mar-22
	AED	AED
Contingent Liabilities		
Letters of guarantee	-	6,000
	-	**6,000**

24 FINANCIAL INSTRUMENTS

24.1 CAPITAL RISK MANAGEMENT

The Entity manages its capital on a basis that it will be able to continue as a going concern while maximizing the return to the shareholders through the optimization of the equity balance.

24.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	31-Mar-23	31-Mar-22
Financial assets	AED	AED
Trade and other receivables	3,633,668	4,217,763
Due from related parties	265,226	-
Deposits with banks	6,000,000	10,000,000
Cash and bank balances	3,505,336	3,402,587
Total	**13,404,230**	**17,620,350**
Financial liabilities		
Due to related parties	5,959	679
Trade and other payables	6,542,382	5,627,301
Total	**6,548,341**	**5,627,980**

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24 FINANCIAL INSTRUMENTS (continued)

24.3 FINANCIAL RISK MANAGEMENT

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous

a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Entity, and arises principally from the Entity's trade and other receivables and bank balances.

The Entity has adopted a policy of only dealing with creditworthy counterparties, for whom the credit risk is assessed to be low. The Entity attempts to control credit risk by monitoring credit exposures, setting credit limits for non-related counterparties and monitoring outstanding receivables.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

b) Liquidity risk

Liquidity risk is the risk that the Entity will be unable to meet its funding requirements. The Entity limits its liquidity risk by ensuring adequate cash from operations.

The table below summarises the maturities of the Entity's undiscounted financial liabilities as at 31 March 2023 and 31 March 2022 based on the contractual payment dates.

	Carrying value	Less than 1 year	More than 1 year
	AED	AED	AED
31-Mar-23			
Non-derivative financial liabilities			
Due to related parties	5,959	5,959	-
Trade and other payables	6,542,382	6,542,382	-
	6,548,341	**6,548,341**	-
31-Mar-22			
Non-derivative financial liabilities			
Due to related parties	679	679	-
Trade and other payables	5,627,301	5,627,301	-
	5,627,980	**5,627,980**	-

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Entity is exposed to interest rate risk on it's interest bearing fixed deposits with bank.

The Entity's exposure to interest bearing fixed deposits with bank is not significant as this instrument has fixed interest rates and maturities.

SCRABBLE ENTERTAINMENT DMCC DUBAI - U.A.E.

24 FINANCIAL INSTRUMENTS (continued)

d) Currency risk

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

The Entity does not have significant exposure to currency risk as most of its assets are denominated in UAE Dirhams or in US Dollars, the latter being pegged to the UAE Dirham.

25 CORPORATE INCOME TAX

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

The Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

26 COVID -19 IMPACT

The outbreak of Novel Coronavirus (COVID-19) continues to disrupt business operations and economic activity globally. The extent and duration of the impacts depend highly on future events that cannot be accurately predicted. The impact on the Entity's activities and operations is uncertain and accordingly management estimates in the measurement of amounts reported in these financial statements remain sensitive to market fluctuations. The Entity has considered the impact of COVID-19 on the operations, the valuation of Expected Credit Losses ("ECLs") on the financial assets, and going concern and no material impact was noted. The Entity will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance in 2022.

25 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by management and authorized for issue on
9 May 2023.

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