

SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

AND INDEPENDENT AUDITOR'S REPORT

SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

<u>CONTENTS</u>	<u>PAGE</u>
Directors' report	i - ii
Independent auditor's report	1 - 3
<u>Components of the financial statements</u>	
- Statement of financial position	4
- Statement of profit or loss and other comprehensive income	5
- Statement of changes in equity	6
- Statement of cash flows	7
- Notes to the financial statements	8 - 24

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 2021

PRINCIPAL ACTIVITIES

The principal activities of the Entity is trading in Audio-Visual, Recording equipments and accessories. There was no significant change in the nature of activities of the Entity during the financial year.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on pages # 9 to 14.

FINANCIAL ANALYSIS

The table below summarizes the results of 31 March 2021 and 31 March 2020 .

	31-Mar-21	31-Mar-20
<u>Summarized Income Statement</u>	AED	AED
Revenue	28,612,196	43,609,524
Less: Cost of revenue	(23,781,801)	(38,015,163)
Gross profit	4,830,395	5,594,361
Add: Other income	90,993	447,781
Less: General and administrative expense	(2,604,414)	(3,840,743)
Less: Finance expenses	(13,217)	(24,066)
Less: Depreciation	(104,906)	(62,646)
Net profit	2,198,851	2,114,687
Gross profit %	17%	13%
Net profit %	7.7%	4.8%
<u>Summarized Balance Sheet</u>		
Non current assets	548,630	402,940
Current assets	18,509,118	26,011,632
Non current liabilities	(666,503)	(590,925)
Current liabilities	(8,810,175)	(18,441,428)
Equity	9,581,070	7,382,220
<u>Equity</u>		
Share capital, contributions and reserves	4,500,000	4,500,000
Retained earnings	5,081,070	2,882,219
	9,581,070	7,382,219



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

DIRECTORS' REPORT (CONTD.)

DIRECTORATE

The current Directorate of the Entity is set out below:

Mr. Sunil Patil

Mr. Kapil Agarwal

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

Haris & Associates Auditing (Member of Parker Randall International) were the external auditors of the Entity for the year ending 31 March 2021 and the Directors propose their re-appointment for the next year.

On behalf of the Board of Directors



Mr. Pruthu Rajesh Shah

Manager

DUBAI - UNITED ARAB EMIRATES



Scrabble Entertainment DMCC

1 Lake Plaza, 24th Floor, Unit Number 2405
Cluster T, Jumeirah Lake Towers, Dubai, UAE.

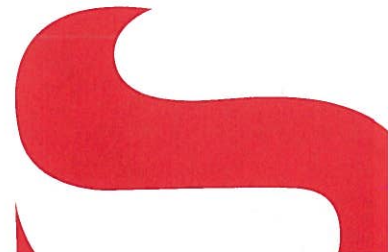
TRN : 100384582100003

P.O.Box : 51899

Board : +971 (4) 3928127

www.scrabbleentertainment.com

Registered and Licensed as a freezone Company under the rules and regulations of DMCCA.



Dubai:

Tel.: +971 4 295 9958
Fax: +971 4 295 9945
P.O. Box 31367
Dubai - U.A.E.
infodubai@pr-uae.com

Abu Dhabi:

Tel.: +971 2 645 2666
Fax: +971 2 645 4499
P.O. Box 48517
Abu Dhabi - U.A.E.
infoabudhabi@pr-uae.com

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 2021 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 2021 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.

Emphasis of Matter

We draw attention to the fact that property, plant & equipment stated in Note 5 includes a vehicle with net book value of AED 28,960 which was registered in the name of a third party. However, in the opinion of management, the vehicle is part of its assets as it is beneficially owned and solely used by the Entity.

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 DMCCA Company Regulations 2020, 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 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 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 DMCCA Company Regulations 2020, 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 DMCCA Company Regulations 2020;
- 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 # 9 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 any of the applicable provisions of the DMCCA Company Regulations 2020 or of its Articles of Association which would materially effect its activities or its financial position of the Entity.

The engagement partner on the audit resulting in this independent auditor's report is Mansour Abdul Wahab.

Haris & Associates Auditing

Member of Parker Randall International

Mansour Abdul Wahab

Registered Auditor No. 381

Dubai, United Arab Emirates


05 May 2021



SCRABBLE ENTERTAINMENT DMCC
DUBAI - UNITED ARAB EMIRATES
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

<u>ASSETS</u>	<u>Notes</u>	<u>31-Mar-21</u>	<u>31-Mar-20</u>
		AED	AED
<u>NON-CURRENT ASSETS</u>			
Property, plant & equipment	5	388,664	242,974
Investments	6	159,966	159,966
Total non-current assets		548,630	402,940
<u>CURRENT ASSETS</u>			
Inventories	7	1,723,268	3,308,878
Trade and other receivables	8	10,537,074	15,586,427
Due from related parties	9.2.1	-	4,132,363
Deposits with banks	10	2,431,821	431,821
Cash and bank balances	11	3,816,955	2,552,143
Total current assets		18,509,118	26,011,632
TOTAL ASSETS		19,057,748	26,414,572
<u>EQUITY & LIABILITIES</u>			
<u>EQUITY</u>			
Share capital	12	3,000,000	3,000,000
General reserve	13	1,500,000	1,500,000
Retained earnings		5,081,070	2,882,219
Total equity		9,581,070	7,382,219
<u>LIABILITIES</u>			
<u>NON-CURRENT LIABILITIES</u>			
Provision for end of service benefits	14	666,503	590,925
Total non-current liabilities		666,503	590,925
<u>CURRENT LIABILITIES</u>			
Due to related parties	9.2.2	1,255,050	-
Trade and other payables	15	7,555,125	18,441,428
Total current liabilities		8,810,175	18,441,428
Total liabilities		9,476,678	19,032,353
TOTAL EQUITY & LIABILITIES		19,057,748	26,414,572

(Notes on pages 8 to 24 form an integral part of these financial statements)


Mr. Pruthu Rajesh Shah
 Manager



SCRABBLE ENTERTAINMENT DMCC
DUBAI - UNITED ARAB EMIRATES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

		<u>31-Mar-21</u>	<u>31-Mar-20</u>
	<u>Notes</u>	<u>AED</u>	<u>AED</u>
Revenue	16	28,612,196	43,609,524
Cost of revenue	17	(23,781,801)	(38,015,163)
Gross profit		4,830,395	5,594,361
Other income	18	90,993	447,781
		4,921,388	6,042,142
Less:			
General & administrative expenses	19	2,604,414	3,840,743
Finance charges	20	13,217	24,066
Depreciation of property, plant & equipment	5	104,906	62,646
Total expenses		2,722,537	3,927,455
Net profit for the year		2,198,851	2,114,687
Other comprehensive income / (expenses)		-	-
Total comprehensive income for the year		2,198,851	2,114,687

(Notes on pages 8 to 24 form an integral part of these financial statements)



Handwritten signature



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital	General Reserve	Shareholders' Current Accounts	Retained Earnings	Total
	AED	AED	AED	AED	AED
Balance as at 01 April 2019	3,000,000	1,500,000	(3,302,563)	16,277,532	17,474,969
Total comprehensive income for the year	-	-	-	2,114,687	2,114,687
Dividend paid	-	-	-	(15,510,000)	(15,510,000)
Movement in shareholders' current accounts	-	-	3,302,563	-	3,302,563
Balance as at 31 March 2020	3,000,000	1,500,000	-	2,882,219	7,382,219
Total comprehensive income for the year	-	-	-	2,198,851	2,198,851
Balance as at 31 March 2021	3,000,000	1,500,000	-	5,081,070	9,581,070

(Notes on pages 8 to 24 form an integral part of these financial statements)



SCRABBLE ENTERTAINMENT DMCC
DUBAI - UNITED ARAB EMIRATES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	31-Mar-21 AED	31-Mar-20 AED
<u>Cash flows from operating activities</u>			
Net profit for the year		2,198,851	2,114,687
<i>Adjustments for:</i>			
Depreciation of property, plant & equipment	5	104,906	62,646
(Profit)/loss on sale of property, plant & equipment		-	45,615
Provision for end of service benefits	14	105,845	107,180
<i>Operating cash flows before working capital changes</i>		2,409,602	2,330,128
<i>Working capital changes</i>			
Inventory		1,585,610	(1,077,719)
Trade and other receivables		5,049,353	5,419,226
Due from related parties		5,387,413	(2,379,410)
Trade and other payables		(10,886,303)	1,529,634
<i>Cash generated from operating activities</i>		3,545,675	5,821,859
End of service benefits paid	14	(30,267)	(50,702)
<i>Net cash flows from operating activities</i>		3,515,408	5,771,157
<u>Cash flows from investing activities</u>			
Purchase of property, plant & equipment	5	(250,596)	(201,041)
Proceeds from sale of property, plant & equipment		-	25,790
Fixed / margin deposits with banks		(2,000,000)	5,568,179
<i>Net cash flows from / (used in) investing activities</i>		(2,250,596)	5,392,928
<u>Cash flows from financing activities</u>			
Shareholder's loan movements		-	2,124,493
Shareholder's current account movements		-	3,302,562
Dividend paid		-	(15,510,000)
<i>Net cash flows used in financing activities</i>		-	(10,082,945)
Net increase in cash and cash equivalents		1,264,812	1,081,140
Opening cash and cash equivalents		2,552,143	1,471,003
Closing cash and cash equivalents	11	3,816,955	2,552,143

(Notes on pages 8 to 24 form an integral part of these financial statements)



-7-



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 September 27, 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 equipment 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.

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 recognized 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 - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 2020, except to the extent of impact of the 'New and revised IFRSs adopted on these financial statements' from 1 April 2020, 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 recognized 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 derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing 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 derecognized.



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 recognized in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

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

3.9 Financial assets

Initial recognition and 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 recognized immediately in profit or loss.



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent classification and measurement

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

- Financial assets at amortized 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

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. 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 derecognized 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.

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 recognized 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 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.



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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. This category also includes derivative financial instruments entered into by the Entity that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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 Entity has not designated any financial liability as at fair value through profit or loss.

• *Loans and borrowings*

Term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

Derecognition of financial liabilities

The Entity derecognizes 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 recognized in the income statement.

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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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.



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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
- Step 5* Recognize revenue as and when the Entity satisfies a performance obligation.

The Entity satisfies a performance obligation and recognizes 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 recognized 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 recognized. 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 recognized 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 recognized 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.



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may effect the accounting for future transactions or arrangements.

- ◆ Amendments to IAS 1 and IAS 8 *Definition of Material*
- ◆ Amendments to IFRS 3 *Definition of a Business*
- ◆ Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*
- ◆ Amendments to IFRS 16 *Covid-19 Related Rent Concessions*
- ◆ Amendments to References to the Conceptual Framework in IFRS Standards

4.2 New and revised IFRSs in issue but not yet effective

The Entity has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
◆ IFRS 17 <i>Insurance Contracts & Amendments to IFRS 17</i>	1 January 2023
◆ Amendments to IAS 1 <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
◆ Amendments to IFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
◆ Amendments to IAS 16 <i>Property, Plant and Equipment -- Proceeds before Intended Use</i>	1 January 2022
◆ Amendments to IAS 37 <i>Onerous Contracts -- Cost of Fulfilling a Contract</i>	1 January 2022
◆ Annual Improvements to IFRS Standards 2018–2020	1 January 2022



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5 PROPERTY, PLANT & EQUIPMENT

	Equipment	Building Renovations	Vehicles	Furniture & Fixtures	Total
	AED	AED	AED	AED	AED
Balance as at 01 April 2020	3,165,062	50,000	295,696	58,961	3,569,719
Purchased during the year	242,289	-	-	8,307	250,596
Balance as at 31 March 2021	3,407,351	50,000	295,696	67,268	3,820,315
Accumulated Depreciation					
Balance as at 01 April 2020	3,089,267	11,990	205,518	19,970	3,326,745
Charged for the year	43,591	16,665	34,823	9,827	104,906
Balance as at 31 March 2021	3,132,858	28,655	240,341	29,797	3,431,651
Net Book Value					
Balance as at 31 March 2021	274,493	21,345	55,355	37,471	388,664
Balance as at 31 March 2020	75,795	38,010	90,178	38,991	242,974

Note:

Vehicles include a vehicle with net book value of AED 28,960 (previous year : AED 38,905) which was registered in the name of a third party. In the opinion of management, the vehicle is part of it's assets as it is beneficially owned and solely used by the Entity.



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6 INVESTMENTS

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	<u>AED</u>	<u>AED</u>
<i>6.1 Investment in subsidiary</i>		
M/s. Scrabble Entertainment (Lebanon) SARL - Lebanon	12,258	12,258
<i>6.2 Investment in joint venture</i>		
M/s. Scrabble Ventures S. de R.L. de C.V - Mexico	708	708
<i>6.3 Investment in associate</i>		
M/s. Scrabble Audio Visual Equipment Trading LLC - Dubai, U.A.E.	147,000	147,000
	<u>159,966</u>	<u>159,966</u>

6.1 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

6.2 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.

6.3 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.

7 INVENTORY

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	<u>AED</u>	<u>AED</u>
Gross inventory	1,959,985	3,545,298
Less: Allowance for obsolete inventories	(236,717)	(236,420)
Net inventory	<u>1,723,268</u>	<u>3,308,878</u>



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8 TRADE & OTHER RECEIVABLES

	NOTE	31-Mar-21 AED	31-Mar-20 AED
Trade receivables	8.1	13,838,453	17,675,813
Less: Provision for doubtful debts		(3,907,806)	(3,583,002)
Net trade receivables		9,930,647	14,092,811
Prepayments		292,738	444,334
Refundable deposits		24,500	36,175
Staff loans and advances		38,851	146,773
Advance to suppliers & other receivables		250,338	866,334
		10,537,074	15,586,427
8.1 Ageing of trade receivables			
0 to 90 days		3,111,877	8,115,676
91 to 180 days		1,212,430	868,440
181 to 240 days		471,556	299,774
241 to 365 days		200,632	4,846,330
Above 365 days		8,841,958	3,545,593
		13,838,453	17,675,813

9 RELATED PARTIES

9.1 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.

9.2 Balances

Balances with related parties at the reporting date are as shown below:

	31-Mar-21 AED	31-Mar-20 AED
9.2.1 Due from related parties		
M/s. Scrabble Entertainment (Lebanon) SARL	-	310,342
M/s. Scrabble Digital INC, U.S.A.	-	367,000
M/s. Scrabble Audio Visual Equipment Trading LLC., - Dubai, U.A.E.	-	3,249,240
M/s. Scrabble Digital DMCC	-	205,781
	-	4,132,363



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

9 RELATED PARTIES (continued)

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	AED	AED
9.2.2 Due to related parties		
M/s. Scrabble Audio Visual Equipment Trading LLC., - Dubai, U.A.E.	1,255,050	-
	<u>1,255,050</u>	<u>-</u>

9.3 Transactions with related parties

Significant transactions with related parties during the period included:

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	AED	AED
Funds received from /expenses paid by related parties	7,951,806	6,717,571
Fund transfers to / expenses paid for related parties	446,132	237,703
Sales made to related parties	2,874,735	8,975,263
Purchases made from related parties	135,790	115,985

10 DEPOSITS WITH BANKS

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	AED	AED
RAK Bank, Dubai - Fixed deposit	2,000,000	-
RAK Bank, Dubai - Margin deposit	431,821	431,821
	<u>2,431,821</u>	<u>431,821</u>

Margin deposit with RAK Bank is under lien against letter of performance guarantee issued.

11 CASH AND BANK BALANCES

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

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	AED	AED
Cash balances	3,552	129
Bank balances	3,813,403	2,552,014
Cash and bank balances	<u>3,816,955</u>	<u>2,552,143</u>



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12 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

The capital of the Entity is contributed by the shareholders are 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

13 GENERAL RESERVE

	31-Mar-21	31-Mar-20
	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

14 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	31-Mar-21	31-Mar-20
	AED	AED
Balance at the beginning of the year	590,925	534,447
Charged during the year	105,845	107,180
Paid during the year	(30,267)	(50,702)
Balance at the end of the year	666,503	590,925

15 TRADE & OTHER PAYABLES

	31-Mar-21	31-Mar-20
	AED	AED
Trade payables	5,821,961	12,875,417
Accrued expenses and other payables	1,321,813	1,970,340
Advance from customers	370,142	3,418,336
VAT payable	41,209	137,947
Deferred AMC & part warranty	-	39,388
	7,555,125	18,441,428



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16 REVENUE

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	AED	AED
Equipment & spares	28,495,881	42,410,883
Virtual print fee	19,088	160,019
AMC & part warranty income	97,227	1,038,622
	<u>28,612,196</u>	<u>43,609,524</u>

Revenue includes sales made to related parties amounting to AED 2,874,735 (2020 : AED 8,975,263)

17 COST OF REVENUE

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	AED	AED
Materials consumed	22,889,859	36,077,585
Virtual print fee expenses	11,927	97,255
AMC & part warranty expenses	12,162	801,610
Other direct expenses	867,853	1,038,713
	<u>23,781,801</u>	<u>38,015,163</u>

Cost of revenue includes purchases from related parties amounting to AED 135,790 (2020 : AED 115,985).

18 OTHER INCOME

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
	AED	AED
Interest income	7,446	191,207
Consultancy & miscellaneous income	83,547	230,784
Profit on sale of assets	-	25,790
	<u>90,993</u>	<u>447,781</u>

19 GENERAL & ADMINISTRATIVE EXPENSES

		<u>31-Mar-21</u>	<u>31-Mar-20</u>
	NOTE	AED	AED
Staff cost	19.1	1,831,912	1,892,032
Rent expenses		100,875	131,283
Bad and doubtful debts		324,804	1,135,589
Other expenses		346,823	681,839



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

19.1 STAFF COST

		31-Mar-21	31-Mar-20
	NOTE	AED	AED
Staff salaries & allowances		1,726,067	1,784,852
End of service benefits	14	105,845	107,180
		1,831,912	1,892,032

20 FINANCE CHARGES

		31-Mar-21	31-Mar-20
		AED	AED
Bank charges		13,217	24,066
		13,217	24,066

21 COMMITMENTS AND CONTINGENCIES

		31-Mar-21	31-Mar-20
		AED	AED
Contingent Liabilities			
Letters of guarantee		449,821	461,821
		449,821	461,821

22 FINANCIAL INSTRUMENTS

22.1 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.

22.2 CATEGORIES OF FINANCIAL INSTRUMENTS

		31-Mar-21	31-Mar-20
		AED	AED
Financial assets			
Trade and other receivables		9,993,998	14,275,759
Due from related parties		-	4,132,363
Deposits with banks		2,431,821	431,821
Cash and bank balances		3,816,955	2,552,143
Total		16,242,774	21,392,086



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22 FINANCIAL INSTRUMENTS (continued)

	<u>31-Mar-21</u>	<u>31-Mar-20</u>
<u>Financial liabilities</u>	AED	AED
Due to related parties	1,255,050	-
Trade and other payables	7,143,774	14,885,145
Total	8,398,824	14,885,145

22.3 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 2021 and 31 March 2020 based on the contractual payment dates.

	<u>Carrying value</u>	<u>Less than 1 year</u>	<u>More than 1 year</u>
	AED	AED	AED
31-Mar-21			
<u>Non-derivative financial liabilities</u>			
Trade and other payables	7,143,774	7,143,774	-
	7,143,774	7,143,774	-
31-Mar-20			
<u>Non-derivative financial liabilities</u>			
Trade and other payables	14,885,145	14,885,145	-
	14,885,145	14,885,145	-



SCRABBLE ENTERTAINMENT DMCC

DUBAI - UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22 FINANCIAL INSTRUMENTS (continued)

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 not exposed to interest rate risk as there are no any interest bearing borrowings at the reporting date.

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.

23 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by management and authorized for issue on
05 May 2021

