Entersoft Middle East FZ-LLC

Dubai Internet City
Dubai, United Arab Emirates

Reports and financial statements
For the year ended 31 December 2020

Entersoft Middle East FZ-LLC
Dubai Internet City
Dubai - United Arab Emirates

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Entersoft Middle East FZ-LLC
Dubai Internet City
Dubai - United Arab Emirates
General information

Principal office address:	Premises 220, Floor 02, Building: Publishing Pavilion Dubai United Arab Emirates T: +971 4 55 19388 F: +971 4 5519328
The Directors:	Mr. Ioannis Filippou
The Auditor:	Crowe Mak P.O Box 6747 Dubai, United Arab Emirates
The Bank:	Abu Dhabi Islamic Bank

Entersoft Middle East FZ-LLC
Dubai Internet City
Dubai - United Arab Emirates
General manager's report

The General manager has pleasure in presenting his report and the audited financial statements for the year ended 31 December 2020.

Principal activity of the Entity

The Entity's principal activity is software consultancy, customer service, software developer, solution and support service provider.

Financial review

The table below summarizes the results of the year 2020 and 2019.

	2020	2019
	AED	AED
Revenue	**1,628,308**	1,599,808
Direct expenses	**(827,072)**	(988,619)
Gross profit	**801,236**	611,189
Gross profit ratio	**49.21%**	38.20%
Net profit/(loss)	**131,686**	(191,040)
Net profit / (loss) ratio	**8.09%**	(11.94)%

Role of the General manager

The General manager is the Entity's principal decision-making individual. The General manager has the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through his guidance and supervision of the Entity's business. The General manager sets the strategies and policies of the Entity. He monitors performance of the Entity's business, guides and supervises its management.

Going concern

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

Auditor

M/s. Crowe Mak - Dubai, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of General manager's responsibilities

The applicable requirements require the General manager to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of The Entity and its financial performance for the year then ended.

The audited financial statements for the year under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The General manager confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of The Entity and enables him to ensure that the financial statements comply with the requirements of the applicable statute. The General manager also confirms that appropriate accounting policies have been selected and applied consistently in order for the financial statements to reflect fairly, the form and substance of the transactions carried out during the year under review and reasonably present The Entity's financial conditions and results of its operations.

The financial statements set out on pages 7 to 34, which have been prepared on the going concern basis were approved by the General manager on the date of these financial statements and signed on behalf of the Entity by:

Mr. Ioannis Filippou
General Manager

25 February 2021

Crowe

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Ref: FJ/A2604/Feb 2021

Independent auditor's report

To
The Shareholder
Entersoft Middle East FZ-LLC
Dubai Internet City
Dubai, United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Entersoft Middle East FZ-LLC (the Entity), which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the 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 requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Registered with the Department of Economic Development, Dubai (#101627) as a Partnership Firm
المسجلة لدى دائرة التنمية الاقتصادية في دبي كما كرو ماك (# ١٠١٦٢٧) كشركة شراكة

Crowe

Independent auditor's report (continued)

To the Shareholder of Entersoft Middle East FZ-LLC
Report on the Audit of Financial Statements (continued)

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 error or fraud, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance 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.

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Independent auditor's report (continued)

To the Shareholder of Entersoft Middle East FZ-LLC
Report on the Audit of Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

Further, we report that:

(a) We have obtained all the information we considered necessary for the purpose of our audit.

(b) 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 December 2020 any of the requirements of Law No.1 of 2000 of the Emirate of Dubai for Entities in Technology, Eletronic Commerce and Media Free Zone, and the Memorandum of Association, which would materially affect its activity or its financial position as at 31 December 2020.

(c) The Entity maintained proper books of accounts.

(d) The financial information included in the General manager Report is consistent with the books of accounts and records of the Entity.

(e) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Law No.1 of 2000 of the Emirate of Dubai for Entities in Technology, Eletronic Commerce and Media Free Zone, and the Memorandum of Association of the Entity.

(f) Note 7 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.

For, Crowe Mak

Maniar

Zayd Khalid Maniar

Partner

Registration Number 579

Dubai, U.A.E.

25 February 2021

Entersoft Middle East FZ-LLC
Dubai Internet City
Dubai - United Arab Emirates
Statement of financial position as at 31 December 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	**62,931**	71,809
Total non-current assets		**62,931**	71,809
Current assets			
Trade and other receivables	6	**240,379**	350,863
Cash and cash equivalents	8	**431,530**	134,647
Total current assets		**671,909**	485,510
Total assets		**734,840**	557,319
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**1,633,333**	800,000
Retained earnings		**(2,406,143)**	(2,537,829)
Shareholder's current account	10	**-**	774,248
Deficit		**(772,810)**	(963,581)
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	11	**183,097**	166,677
Total non-current liabilities		**183,097**	166,677
Current liabilities			
Trade and other payables	12	**118,851**	353,642
Due to a related party	7	**1,205,702**	1,000,581
Total current liabilities		**1,324,553**	1,354,223
Total liabilities		**1,507,650**	1,520,900
Total equity and liabilities		**734,840**	557,319

The financial statements set out on pages 7 to 34, which have been prepared on the going concern basis were approved by the General manager on the date of these financial statements and signed on behalf of the Entity by:

Mr. Ioannis Filippou
General Manager

25 February 2021

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

The report of the auditor is set out on pages 4 to 6.

Entersoft Middle East FZ-LLC
Dubai Internet City
Dubai - United Arab Emirates
Statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	Notes	2020 AED	2019 AED
Revenue	13	**1,628,308**	1,599,808
Direct expenses	14	**(827,072)**	(988,619)
Gross profit		**801,236**	611,189
Other income	15	**21,551**	-
Selling and distribution expenses	16	**(37,353)**	(76,660)
General and administrative expenses	17	**(653,748)**	(725,569)
Net profit/(loss) for the year		**131,686**	(191,040)
Other comprehensive income for the year		**-**	-
Total comprehensive income/(loss) for the year		**131,686**	(191,040)

The accompanying notes and policies form an integral part of these financial statements.
The report of the auditor is set out on pages 4 to 6.

Entersoft Middle East FZ-LLC
Dubai Internet City
Dubai - United Arab Emirates
Statement of changes in equity for the year ended 31 December 2020

	Share capital	Retained earnings	Shareholder's current account	Total
	AED	AED	AED	AED
As at 1 January 2019	800,000	(2,346,789)	774,248	(772,541)
Loss for the year	-	(191,040)	-	(191,040)
As at 31 December 2019	800,000	(2,537,829)	774,248	(963,581)
Profit for the year	-	131,686	-	131,686
Shareholders current account capitalised	774,248	-	(774,248)	-
Related party balances capitalised	59,085	-	-	59,085
As at 31 December 2020	**1,633,333**	**(2,406,143)**	**-**	**(772,810)**

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

The report of the auditor is set out on pages 4 to 6.

Entersoft Middle East FZ-LLC
Dubai Internet City
Dubai - United Arab Emirates
Statement of cash flows for the year ended 31 December 2020

	Notes	2020 AED	2019 AED
Cash flows from operating activities			
Profit/(Loss) for the year		**131,686**	(191,040)
Adjustments for:			
Depreciation of property, plant and equipment	5	**8,878**	5,377
Allowance for doubtful debts	17	**32,061**	-
Employees' end of service benefits	11	**16,420**	40,321
Operating cash flows before changes in operating assets and liabilities		**189,045**	(145,342)
Decrease/(increase) in trade and other receivables	6	**78,423**	(95,172)
(Decrease)/increase in trade and other payables	12	**(234,791)**	32,283
Increase in due to a related party		**264,206**	215,254
Net cash generated from operating activities		**296,883**	7,023
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**-**	(8,576)
Net cash (used in) investing activities		**-**	(8,576)
Net increase/(decrease) in cash and cash equivalents		**296,883**	(1,553)
Cash and cash equivalents at the beginning of the year		**134,647**	136,200
Cash and cash equivalents at the end of the year	8	**431,530**	134,647

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

The report of the auditor is set out on pages 4 to 6.

1 Legal status and business activities

Entersoft Middle East FZ LLC (the "Entity") is a Free Zone Entity registered with Dubai Development Authority, Dubai, United Arab Emirates, having license number 92433 dated September 10, 2014.

The registered office of the Entity is at Premises 220, Floor 02, Publishing Pavilion Building, Dubai, United Arab Emirates

The principal activities of the Entity consists of software consultancy, customer service, software developer, solution and support service provider.

The management and control are vested with Mr. Ioannis Filippou, General Manager, Hellenic, Greece National.

These financial statements incorporate the operating results of the commercial license no. 92433.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Entity has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
The Entity has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.	
Amendments to IFRS 3 Definition of a business	1 January 2020
The Entity has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.	

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.	
Amendments to IAS 1 and IAS 8 Definition of material	1 January 2020
The Entity has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.	
Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7	1 January 2020
These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.	
The amendments are relevant to the Entity given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Entity's accounting in the following ways:	
• The Entity has floating rate debt, linked to [CU IBOR], which it cash flow hedges using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms;	
• The Entity has issued [Currency B]-denominated fixed rate debt which it fair value hedges using [Currency B]-fixed to [Currency B] IBOR interest rate swaps. The amendments permit continuation of hedge accounting	

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
even if in the future the hedged benchmark interest rate, [Currency B] IBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measureable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.	
• The Entity will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Entity consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.	
The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9. The new disclosure requirements are presented in note	

2.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
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.	1 January 2022
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.	
Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	
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 entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use:	1 January 2022

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, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Entity 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'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Entity first applies the amendments.

The Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022

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 (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Entity first applies the amendments. Comparatives are not restated.

Instead, the Entity shall recognise the cumulative effect of initially applying

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	
The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.	
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
The Annual Improvements include amendments to four Standards.	
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. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).	
IFRS 9 Financial Instruments	
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the Entity (the borrower) and the lender, including fees paid or received by either the Entity or the lender on the other's behalf.	
The amendment is applied prospectively to modifications and exchanges that occur on or after the date the Entity first applies the amendment.	
IFRS 16 Leases	
The amendment removes the illustration of the reimbursement of leasehold improvements.	
As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.	
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 pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	
IFRS 17 Insurance Contracts : IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance	1 January 2023

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
contracts and supersedes IFRS 4 Insurance Contracts.	
IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.	
The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.	
In , the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.	
IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.	
For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the Entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current:	1 January 2023
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.	
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.	
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution	1 January 2023

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Entity anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods should such transactions arise.	

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Current/Non-Current Classification

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

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

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting year, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Entity classifies all other liabilities as non-current.

3 Significant accounting policies (continued)

3.2 Basis of preparation (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies are set out below.

3.3 Functional currency

These financial statements are presented in Emirati Dirham, which is the Entity's functional currency.

3.4 Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Entity is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Entity recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

Step 1: Identify the contract(s) 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 every contract that must be met.

Step 2: Identify the performance obligation in the contract
A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

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

Step 4: Allocate the transaction price to the performance obligations in the contract
For a contract that has more than one performance obligation, the Entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.
The Entity satisfies a performance obligation and recognises revenue over time, when the Entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

<u>Sale of software and support services on software programmes</u>

The performance obligation is satisfied when the software programs are implemented by the Entity and any supporting material, which are granted for use under the terms of a software license agreement are fulfilled. The normal credit terms with the customers are 90 - 120 days depending on the customers.

3 Significant accounting policies (continued)

3.4 Revenue recognition (continued)

Software services

The performance obligation is satisfied when the total activities needed for the installation of software system, its customisation and configuration and constant support and training of the users for the operation of the software system are performed as mentioned in agreements with the customer. The normal credit terms with the customers are 90 - 120 days depending on the customers.

3.5 Foreign currencies

In preparing the financial statements of the Entity, transactions in currencies other than the Entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.6 Employee benefits

End of service indemnity

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Subsequent costs 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 of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income when incurred.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

	Useful lives
Furniture and fixtures	10 years
Computer and equipments	5 years
Leasehold improvements	10 years

3 Significant accounting policies (continued)

3.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

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 recognised immediately in profit or loss.

3 Significant accounting policies (continued)

3.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Entity recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on The Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Entity recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 Significant accounting policies (continued)

3.11 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Loans and receivables

Trade receivables

Trade receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables (including trade and other receivables, bank balances and cash and others were measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets

The Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.12 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies set out below.

Trade and other payables

Trade payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade 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 and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to a related party

Amounts due to a related party are stated at amortised cost.

3 Significant accounting policies (continued)

3.12 Financial liabilities and equity instruments (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting year. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Entity exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

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.

4 Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

4.1 Critical judgements in applying accounting policies

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of AED 7,021. have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3.11). The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Entity monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Entity's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2 Key sources of estimation uncertainty

Useful lives of property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the financial statements.

5 Property, plant and equipment

	Furniture and fixtures	Computer and equipments	Leasehold improvements	Total
	AED	AED	AED	AED
Cost				
As at 1 January 2019	31,577	34,736	35,091	101,404
Additions	2,168	6,408	-	8,576
As at 31 December 2019	33,745	41,144	35,091	109,980
As at 31 December 2020	**33,745**	**41,144**	**35,091**	**109,980**
Accumulated depreciation				
As at 1 January 2019	17,583	14,128	1,083	32,794
Depreciation expense	1,460	2,335	1,582	5,377
As at 31 December 2019	19,043	16,463	2,665	38,171
Depreciation expense	2,639	3,046	3,193	8,878
As at 31 December 2020	**21,682**	**19,509**	**5,858**	**47,049**
Carrying amount				
As at 31 December 2020	**12,063**	**21,635**	**29,233**	**62,931**
As at 31 December 2019	14,702	24,681	32,426	71,809

6 Trade and other receivables

	2020	2019
	AED	AED
Trade receivables	**130,059**	353,334
Loss allowance	**(32,061)**	(144,042)
	97,998	209,292
Deposits	**30,743**	30,743
Prepayments	**111,638**	110,828
	142,381	141,571
	240,379	350,863

Of the trade receivables as at 31 December 2020 there are 3 customers (2019: 5) which represent 85% (2019: 81%) of the total receivables.

6 Trade and other receivables (continued)

	Trade receivables – days past due			
31 December 2020	**Less than 30days**	**30 to 90 days**	**More than 90days**	**Total**
	AED	**AED**	**AED**	**AED**
Expected credit loss rate	**-%**	**-%**	**26.00%**	
Estimated total gross carrying amount at default	**4,830**	**1,676**	**123,213**	**129,719**
Lifetime ECL	**-**	**-**	**32,061**	**32,061**
				97,658

	Trade receivables – days past due			
31 December 2019	Less than 30days	30 to 90 days	More than 90days	Total
	AED	AED	AED	AED
Expected credit loss rate	-%	12.15%	100.00%	
Estimated total gross carrying amount at default	126,866	93,826	132,642	353,334
Lifetime ECL	-	11,400	132,642	144,042
				209,292

7 Related party balances and transactions

a) At the end of the reporting year, amounts due to related parties were as follows:

	2020	2019
	AED	AED
Due to entities with joint control of, or significant influence over the Entity		
M/s. Entersoft Societe Anonyme of Production and Trade of Software Services, Shareholder, Greece	**1,205,702**	1,000,581
	1,205,702	1,000,581

7 Related party balances and transactions (continued)

b) Transactions

During the year, the Entity entered into the following transactions with the related parties:

	2020	2019
	AED	AED
Purchases	**215,254**	264,314

8 Cash and cash equivalents

	2020	2019
	AED	AED
Cash on hand	**290**	132,864
Bank balances	**431,240**	1,783
	431,530	134,647

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. None of the balances with banks at the end of the reporting year are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Entity have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

9 Share capital

	2020	2019
	AED	AED
Authorised, issued and paid up share capital:		
1,633 shares of AED 1,000.00	**1,633,333**	800,000

Shareholder	**Incorporated in**	**%**	**Shares**	**2020**	2019
				AED	AED
M/s. Entersoft Societe Anonyme of Production and Trade of Software and Services	Greece	100.00	1,633.00	**1,633,333**	800,000

During the year, based on the board of directors meeting held on May 05, 2020, the Entity had increased share capital by AED 833,333 though conversion of balances from shareholder's current account and due to a related party.

10 Shareholder's current account

	2020	2019
	AED	AED
Balance at the beginning of the year	774,248	774,248
Transferred to share capital during the year	(774,248)	-
Balance at the end of the year	-	774,248

11 Employees' end of service benefits

	2020	2019
	AED	AED
Balance at the beginning of the year	166,677	126,356
Charge for the year	16,420	40,321
Balance at the end of the year	183,097	166,677

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting year.

12 Trade and other payables

	2020	2019
	AED	AED
Trade payables	19,966	238,541
Accrued expenses	91,718	92,863
VAT payable - net	1,162	4,003
Other payables	6,005	18,235
	118,851	353,642

13 Revenue

The Entity derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

13 Revenue (continued)

	2020	2019
	AED	AED
Disaggregation of revenue – over time		
Sale of software and support services on software programmes	**1,184,308**	872,485
Software services	**444,000**	727,323
	1,628,308	1,599,808

	2020	2019
	AED	AED
Primary Geographical Markets		
Within U.A.E.	**1,628,308**	1,478,132
Outside U.A.E.	**-**	121,676
	1,628,308	1,599,808

Performance obligations

Information about the Entity's performance obligations are summarised below:

Sale of software and support services on software programmes

The performance obligation is satisfied when the software programs are implemented by the Entity and any supporting material, which are granted for use under the terms of a software license agreement are fulfilled. The normal credit terms with the customers are 90 - 120 days depending on the customers.

Software services

The performance obligation is satisfied when the total activities needed for the installation of software system, its customisation and configuration and constant support and training of the users for the operation of the software system are performed as mentioned in agreements with the customer. The normal credit terms with the customers are 90 - 120 days depending on the customers.

14 Direct expenses

	2020	2019
	AED	AED
Staff costs	**650,614**	662,303
Software expenses	**176,458**	326,316
	827,072	988,619

15 Other income

	2020	2019
	AED	AED
Excess provision written back	21,551	-

16 Selling and distribution expenses

	2020	2019
	AED	AED
Advertising and marketing	37,353	76,660

17 General and administrative expenses

	2020	2019
	AED	AED
Salaries and related benefits	403,704	481,856
Rent expense	89,522	85,951
Travelling	57,370	59,461
Provision for doubtful debts	32,061	-
Communication	28,343	28,399
Legal, license and professional	23,157	13,980
Depreciation of property, plant and equipment	8,878	5,377
Bad debts written off directly during the year	-	31,164
Other general and administrative expenses	10,713	19,381
	653,748	725,569

18 Financial instruments and risk management

Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the financial statements.

Categories of financial instruments

31 December 2020

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Cash and cash equivalents (Note 8)	431,570	-
Trade receivables (Note 6)	97,658	-
Other receivables (Note 6)	30,743	-
Trade and other payables (Note 12)	-	117,689
Due to a related party (Note 7)	-	1,205,702
	559,971	**1,323,391**

31 December 2019

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Cash and cash equivalents (Note 8)	134,647	-
Trade receivables (Note 6)	209,292	-
Other receivables (Note 6)	30,743	-
Trade and other payables (Note 12)	-	349,639
Due to a related party (Note 7)	-	1,000,581
	374,682	**1,350,220**

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

18 Financial instruments and risk management (continued)

Financial risk management objectives

The Entity's financial risk management policies set out the Entity's overall business strategies and risk management philosophy. The Entity's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Entity. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and investing excess cash.

The Entity's activity expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Entity does not hold or issue derivative financial instruments for speculative purposes.

Interest risk

At the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

Market risk

The Entity's activity expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management
The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham and US Dollar to which Arab Emirates Dirham to US Dollar conversion is pegged.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Entity. As at 31 December 2020, the Entity's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Entity due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Entity arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the Entity has tasked its management to develop and maintain the Entity's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Entity's own trading records to rate its major customers and other debtors. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the General manager which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Entity's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

18 Financial instruments and risk management (continued)

	Non-interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
	As at 31 December 2020			
Financial assets				
Trade receivables	-	97,658	-	**97,658**
Deposits and other receivables	-	30,743	-	**30,743**
Cash and cash equivalents	431,570	-	-	**431,570**
	431,570	**128,401**	**-**	**559,971**
Financial liabilities				
Trade and other payables	-	117,689	-	**117,689**
Due to related party	-	1,205,702	-	**1,205,702**
	-	**1,323,391**	**-**	**1,323,391**

	Non-interest bearing			
Particulars	On demand or less than 3 months	Within 1 year	More than 1 year	Total
	As at 31 December 2019			
Financial assets				
Trade receivables	-	209,292	-	**209,292**
Deposits and other receivables	-	30,743	-	**30,743**
Cash and cash equivalents	134,647	-	-	**134,647**
	134,647	**240,035**	**-**	**374,682**
Financial liabilities				
Trade and other payables	-	349,639	-	**349,639**
Due to related party	-	1,009,927	-	**1,009,927**
	-	**1,359,566**	**-**	**1,359,566**

19 Contingent liabilities

	2020	2019
	AED	AED
Labour guarantee	**30,743**	30,743

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.

20 Capital commitments

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known captial commitments on Entity's financial statements as of reporting date.