IIFL Private Wealth Management (Dubai) Limited

Dubai, United Arab Emirates

Report of the Board of Directors

and

Audited Financial Statements

31 March 2019

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

REPORT OF THE BOARD OF DIRECTORS AND AUDITED FINANCIAL STATEMENTS

31 March 2019

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REPORT OF THE BOARD OF DIRECTORS

The directors of the Company have pleasure in presenting their report and the audited financial statements of IIFL Private Wealth Management (Dubai) Limited ("the Company") for the year ended 31 March 2019.

RESULTS OF THE COMPANY

The detailed results of the Company are set out in the statement of comprehensive income and related notes.

DIRECTORS' RESPONSIBILITY

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the Dubai Financial Services Authority Prudential Rule Books, and for such internal control as Directors determines is necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error.

We are also responsible for keeping proper financial records in line with reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

APPROVAL OF THE FINANCIAL STATEMENTS

We, as directors of the Company, have approved these financial statements.

INDEPENDENT AUDITOR'S

The retiring auditors of the Company, ***RSM Dahman,*** being eligible have offered themselves for re-appointment for the financial year 2019-2020.

Signed on behalf of the board of directors

Mr. Santhosh Thyagarajan
Director and Senior Executive Officer
05 May 2019

IIFL Private Wealth Management (Dubai) Limited
Dubai - U.A.E.

IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LTD

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(An IIFL Investment Managers Group Company)
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REGISTRATION NUMBER : 0973

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED

Opinion

We have audited the financial statements of IIFL Private Wealth Management (Dubai) Limited ("the Company"), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair value of the financial position of the Company as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Directors' Responsibilities for the Financial Statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the Dubai Financial Services Authority Prudential Rule Books, and for such internal control as Directors determines is necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF IIFL PRIVATE WEALTH MANAGEMENT (DUBAI) LIMITED *(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 fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements. If such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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.

RSM Dahman
Signed by:

RSM Dahman

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محاسبون • مدققون • استشاريون
ص.ب: ١١٨٥٥ دبي ا ع م
P.O.Box: 11855, Dubai - U.A.E.
RSM Dahman
Accountants • Auditors • Consultants

Basab Deb
Partner
No. 1006056

05 May 2019
Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	*31 March 2019* AED	*31 March 2018* AED
ASSETS			
NON-CURRENT ASSETS			
Furniture and equipment	5	**1,191**	2,334
CURRENT ASSETS			
Amounts due from a related party	11	**18,363**	-
Prepayments and other receivables	6	**221,388**	234,231
Cash and cash equivalents	7	**10,128,757**	5,765,010
Total current assets		**10,368,508**	5,999,241
TOTAL ASSETS		**10,369,699**	6,001,575
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	**3,370,682**	3,370,682
Retained earnings		**6,474,702**	1,575,809
TOTAL EQUITY		**9,845,384**	4,946,491
NON-CURRENT LIABILITIES			
Employees' end-of-service benefits	9	**482,568**	391,918
CURRENT LIABILITIES			
Trade and other payables	10	**41,747**	663,166
TOTAL LIABILITIES		**524,315**	1,055,084
TOTAL EQUITY AND LIABILITIES		**10,369,699**	6,001,575

The annexed notes from 1 to 18 form an integral part of these financial statements.

Santhosh Thyagarajan
Director and Senior Executive Officer
05 May 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	*31 March 2019* AED	*31 March 2018* AED
INCOME			
Revenue from contract with customer	11	**7,711,501**	4,404,000
Other income	12	**211,917**	-
Interest income		**8,103**	5,552
		7,931,521	4,409,552
EXPENSES			
General and administrative expenses	13	**(3,021,849)**	(3,975,581)
Foreign currency exchange loss		**(10,779)**	(16,132)
		(3,032,628)	(3,991,713)
PROFIT FOR THE YEAR		**4,898,893**	417,839
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,898,893**	417,839

The annexed notes from 1 to 18 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital *AED*	*Retained earnings* *AED*	*Total* *AED*
Balance as at 01 April 2017	3,370,682	1,157,970	4,528,652
Total comprehensive income for the year:			
Net profit for the year	-	417,839	417,839
Other comprehensive income	-	-	-
	-	417,839	417,839
Balance as at 31 March 2018	3,370,682	1,575,809	4,946,491
Balance as at 01 April 2018	**3,370,682**	**1,575,809**	**4,946,491**
Total comprehensive income for the year:			
Net profit for the year	**-**	**4,898,893**	**4,898,893**
Other comprehensive income	**-**	**-**	**-**
	-	**4,898,893**	**4,898,893**
Balance as at 31 March 2019	**3,370,682**	**6,474,702**	**9,845,384**

The annexed notes from 1 to 18 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	31 March 2019 AED	31 March 2018 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		**4,898,893**	417,839
Adjustment for non-cash items:			
Depreciation	5	**1,143**	2,284
Interest income		**(8,103)**	(5,552)
Employees' end-of-service benefits	9	**90,650**	95,620
		4,982,583	510,191
Changes in working capital			
Decrease / (increase) in current assets:			
Amounts due from a related party		**(18,363)**	982,491
Prepayments and other receivables		**12,843**	8,536
Increase in current liabilities:			
Other payables and accruals		**(621,419)**	330,428
Net cash generated from operations		**4,355,644**	1,831,646
Interest income received		**8,103**	5,552
Net cash generated from operating activities		**4,363,747**	1,837,198
CASH FLOWS FROM INVESTING ACTIVITIES		**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
Net increase in cash and cash equivalents		**4,363,747**	1,837,198
Cash and cash equivalents at beginning of the year		**5,765,010**	3,927,812
Cash and cash equivalents at end of the year		**10,128,757**	5,765,010

The annexed notes from 1 to 18 form an integral part of these financial statements.

1 GENERAL INFORMATION

IIFL Private Wealth Management (Dubai) Limited ("the Company") is a company limited by shares in the Dubai International Financial Centre (DIFC). The Company is registered under the Companies Law, DIFC Law No. 5 of 2018 (previously DIFC Law No. 2 of 2009), with commercial license no. CL0973 issued on 28 September 2010, and is regulated by the Dubai Financial Services Authority (DFSA) since 31 October 2010.

The Company has been granted a prudential "Category 4" license by DFSA and is engaged in the business of:

- Arranging Deals in Investments
- Advising on Financial Products

The registered address of the Company is Unit 808, Level 8, Liberty House, Dubai International Financial Centre, P.O. Box 115064, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued and adopted by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB enforce at 31 March 2019.

Accounting convention

These financial statements have been prepared under the historical cost convention.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in UAE Dirhams, which is the Company's functional currency and presentation currency.

Changes in accounting policies and disclosures

New and amended standards, and interpretations effective for the first time and applied:

The following new accounting standards became applicable for the financial year beginning on or after 1 January 2018 and the Company had to change its accounting policies and make appropriate adjustments as a result of adopting these standards:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

Below are the other amendments and interpretations apply for the first time for the fiscal year ended 2018, but do not have an impact on the financial statements of the Company.

New interpretations:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued in December 2016)

Amendments to existing standards:

- Amendments to IFRS 1 and IAS 28 (Annual Improvements to IFRS Standards 2014–2016 Cycle, issued in December 2016)
- Amendments to IAS 40 titled Transfers of Investment Property (issued in December 2016)
- Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016)
- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016)

2 BASIS OF PREPARATION *(continued)*

Changes in accounting policies and disclosures *(continued)*

The nature and effect of the changes as a result of adoption of the new accounting standards are described below. Due to the transition methods chosen by the Company in applying new accounting standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

a) IFRS 9 Financial Instruments:

Impact of adoption:

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 retrospectively, with the initial application date of 1 April 2018. As a result, the Company has concluded that the impact is not material on the Company's financial information. However, there are changes in classification of financial instruments due to the adoption of IFRS 9. The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 April 2018.

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39*	*New carrying amount under IFRS 9*
			AED	*AED*
Financial assets:				
Refundable deposits	Loans and receivables	Amortised cost	34,904	34,904
Other receivables	Loans and receivables	Amortised cost	23,781	23,781
Cash and cash equivalents	Loans and receivables	Amortised cost	5,765,010	5,765,010
			5,823,695	5,823,695
Financial liabilities:				
Trade and other payables	Other financial liabilities	Other financial liabilities	663,166	663,166

New accounting policies:

All loans and receivables were measured at amortised cost before 1 April 2018.

The application of the new standard required the Company to apply the new accounting policies. Accordingly, the Company has applied the new accounting policies the detail of which are disclosed in Note 3 of these financial statements.

b) IFRS 15 Revenue from Contracts with Customers:

Impact of adoption:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for the fiscal year ended 2018, has not been restated – i.e. it is presented, as previously reported, under the old accounting standard.

2 BASIS OF PREPARATION *(continued)*

Changes in accounting policies and disclosures *(continued)*

New and amended standards, and interpretations effective for the first time and applied: *(continued)*

c) IFRS 15 Revenue from Contracts with Customers: *(continued)*

New accounting policies:

The application of the new standard required the Company to apply the new accounting policies. Accordingly, the Company has applied the new accounting policies the details of which are disclosed in Note 3 to these financial statements.

New and amended standards, and interpretations issued but not yet effective and not early adopted:

The Company has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning on 1 April 2018.

The management anticipates that the new standards and amendments will be adopted in the Company statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

New standards:

- IFRS 16 Leases (effective from 1 January 2019)
- IFRS 17 Insurance Contracts (effective from 1 January 2021)

New interpretations:

- IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)

Amendments to existing standards:

- Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (effective from 1 January 2019)
- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (available for optional adoption / effective date deferred indefinitely)
- Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (effective from 1 January 2019)
- Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019)
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards (effective from 1 January 2019)
- Amendments to References to Conceptual Framework in IFRS Standards (effective from 1 January 2020)

Topics covered by these standards/interpretations are either not relevant for the preparations of this set of IFRS financial statements or the Company does not foresee that the application of these standards/interpretations will result in a significant impact on the figures and disclosures on the reporting period they will be adopted.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, is set out below.

Current versus non-current classification

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

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

All other assets are classified as non-current.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Current versus non-current classification *(continued)*

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost consists of purchase cost, together with any incidental expenses of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as an asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation on all other fixed assets is provided on a straight line basis and charged to statement of comprehensive income to write off the depreciable amount of each asset over its estimated useful life at the rates specified in Note 5. Depreciation on addition in furniture and equipment is charged from the date when the asset becomes available for use up to the date of its disposal.

An item of furniture and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of furniture and equipment are determined by comparing the proceeds from disposal with the carrying amount of furniture and equipment, and are recognised net within other income in statement of comprehensive income.

The Company reviews the useful life and residual value of furniture and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of furniture and equipment with a corresponding effect on depreciation charge and impairment.

Financial instruments

Classification of financial assets:

Financial assets are classified, at initial recognition as measured at (i) amortised cost; (ii) Fair Value through Other Comprehensive Income (FVOCI); or (iii) Fair Value through Profit or Loss (FVTPL).

Derecognition of financial assets:

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired; and (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets:

IFRS 9 replaced the incurred loss model followed under IAS 39 with a forward looking expected credit loss (ECL) model. For trade receivables, the Company has established a provision matrix that is based on its historical credit loss experience based on which provision for ECL is assessed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Classification of financial liabilities:

Financial liabilities are classified, at initial recognition as measured at *(i) financial liabilities at fair value through profit or loss; or (ii) at amortised cost; or (iii) as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs, wherever applicable.

Derecognition of financial liabilities:

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

Offsetting of financial instruments:

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

Fair value measurement:

The Company measures financial instruments, such as investment in securities and hedges, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting year during which the change occurred.

Cash and cash equivalents

Cash comprise cash with banks on current accounts. Cash equivalents represent short-term placements with banks that can be readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash commitments have maturity of three months or less from the date of acquisition

Employees' end of service benefits

The Company provides end of service benefits to its expatriate employees on the basis prescribed under the DIFC Law No. 3 of 2012. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as an asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Revenue from contracts with customers

The Company recognises revenue from contracts with customers based on a five-step model as set out in 'IFRS 15 – Revenue from Contracts with Customers' as follows:

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 set out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which an 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 Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

Marketing support fees:

Revenue from a contract to provide marketing support services is recognised over time.

Other income:

Other revenue is recognised when it is received or when the right to receive payment is established.

Operating leases

Leases, where a significant portion of risks and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rental charges, including advance rentals in respect of operating leases, are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency transaction and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year-end are translated at exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in statement of comprehensive income for the year.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingencies and commitments at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant accounting estimates and judgements

Below are the key accounting estimates and judgements that have a significant impact on the financial statements:

Useful lives of furniture and equipment:
The Company's management determines the estimated useful lives of its furniture and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Financial Instruments - *Macroeconomic factors and forward looking information:*
IFRS 9 requires an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions. Macroeconomic factors and forward looking information are required to be incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since inception. Measurement of ECLs at each reporting period should reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

Revenue:
Satisfaction of performance obligations:
The Company assesses each of its contracts with customers to determine whether performance obligations are satisfied over a period of time or at a single point in time in order to determine the appropriate method of revenue recognition.

Determination of transaction price:
The Company determines the transaction price in respect of each of its contracts with customers. In doing so, the Company assesses the impact of any variable consideration, any significant financing component and any non-cash consideration included in the contract.

Allocation of transaction price to performance obligation in contracts with customers:
A transaction price is allocated to each performance obligation on the basis of their stand-alone selling prices. The Company estimates the standalone selling price as a price at which a promised service is sold separately to a customer in the market.

Transfer of control in contracts with customer:
Where the Company determines that performance obligations are satisfied at a single point in time, revenue is recognized when control over the asset is transferred to the customer. Significant judgement is required to evaluate when 'control' is transferred to the customer.

5 FURNITURE AND EQUIPMENT

	Office equipment	*Furniture and fixtures*	*Total*
	AED	*AED*	*AED*
Gross carrying amount			
Balance as at 01 April 2017	17,203	177,389	194,592
Balance as at 31 March 2018	17,203	177,389	194,592
Balance as at 01 April 2018	**17,203**	**177,389**	**194,592**
Balance as at 31 March 2019	**17,203**	**177,389**	**194,592**
Accumulated depreciation			
Balance as at 01 April 2017	12,585	177,389	189,974
Charge for the year (Note 13)	2,284	-	2,284
Balance as at 31 March 2018	14,869	177,389	192,258
Balance as at 01 April 2018	**14,869**	**177,389**	**192,258**
Charge for the year (Note 13)	**1,143**	**-**	**1,143**
Balance as at 31 March 2019	**16,012**	**177,389**	**193,401**
Written down value			
- 31 March 2018	2,334	-	2,334
- 31 March 2019	**1,191**	**-**	**1,191**
Rates of depreciation	**20.00%**	**20.00%**	
Useful lives	**5 years**	**5 years**	

6 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2019	*31 March 2018*
	AED	*AED*
Prepayments	**177,896**	175,546
Refundable deposits	**31,784**	34,904
Value-added tax receivable	**11,708**	10,726
Staff loan receivable	**-**	13,055
	221,388	234,231

Prepayments include advance payments for rent expenses, staff insurance, and prepaid license fees.

Refundable deposits represent deposits in respect of operating leases and employee's visa deposits. These deposits carry no interest rate as at 31 March 2019 and 2018.

The staff loan receivable as at 31 March 2018 carried an annual fixed interest rate of 6.5% which has been fully paid for as at 31 March 2019.

7 CASH AND CASH EQUIVALENTS

	31 March 2019	31 March 2018
	AED	AED
Cash at banks		
Local currency in current account	**7,082,320**	2,431,227
Foreign currency in current account	**2,139,295**	2,934,602
	9,221,615	5,365,829
Short-term deposits	**907,142**	399,181
	10,128,757	5,765,010

Cash at banks generally earn interest at rates based on daily bank deposit rates.

Short-term deposits have varying maturity periods ranging from 30 to 35 days and earn effective interest income ranging from 1% to 1.5% that is presented as interest income in the statement of comprehensive income.

8 SHARE CAPITAL

Authorised share capital
This represents 1,000,000 (31 March 2018: 1,000,000) ordinary shares of USD 1 (AED 3.67) each amounted to AED 3,670,000 (31 March 2018: AED 3,670,000) with which the company is registered with the Dubai International Financial Center.

Issued, subscribed and paid-up capital

31 March 2019	31 March 2018		**31 March 2019**	31 March 2018
.... Numbers			**AED**	AED
918,442	918,442	Ordinary shares of USD 1 (AED 3.67) each issued for consideration in cash	**3,370,682**	3,370,682

The shares of the Company are wholly owned by IIFL Wealth Management Limited (The Parent Company), a Company incorporated in India.

Capital management risk
The Company's objectives when managing capital are to ensure the Company has the ability not only to continue as a going concern, but also to meet its requirements for expansion and enhancement of its business, maximize return on investments and optimize benefits for the shareholder to maintain an optimal capital structure and to reduce the cost of capital.

8 SHARE CAPITAL *(continued)*

Capital resources calculation for the Company

Capital resources as defined by the DFSA Prudential Rulebook are as follows:

	31 March 2019	*31 March 2018*
	AED	*AED*
Elements of Common Equity Tier 1 (CET1) Capital	**9,845,384**	4,946,491
Add: adjustments/(deductions) from CET1 Capital	**-**	-
CET1 Capital	**9,845,384**	4,946,491
Elements of Additional Tier 1 (AT1) Capital	**-**	-
Less: Deductions from (AT1) Capital	**-**	-
Tier 1 Capital (CET1 + AT1 Capital)	**9,845,384**	4,946,491
Elements of Additional Tier 2 (T2) Capital	**-**	-
Less: Deductions from (T2) Capital	**-**	-
Tier 2 Capital	**-**	-
Capital resources (Tier 1 + Tier 2 Capital)	**9,845,384**	4,946,491

Capital requirement applicable to the Company in accordance with PIB Rule 3.5 of the DFSA Prudential Rulebooks is the higher of:

	31 March 2019	*31 March 2018*
	AED	*AED*
Base capital requirement (BCR)	**36,500**	36,500
Expenditure based capital minimum (EBCM) - (based on Actual expenses)	**348,543**	352,624
Expenditure based capital minimum (EBCM) - (as notified to the firm)	**365,000**	365,000

The Company is in compliance with minimum capital adequacy requirement as at 31 March 2019.

9 EMPLOYEES' END OF SERVICE BENEFITS

	31 March 2019	*31 March 2018*
	AED	*AED*
As at 1 April	**391,918**	296,298
Provided during the year	**90,650**	95,620
As at 31 March	**482,568**	391,918

10 TRADE AND OTHER PAYABLES

	31 March 2019	31 March 2018
	AED	AED
Trade payables	**704**	-
Professional fees payable	**17,440**	17,440
Staff payables	**-**	645,726
Accrued expenses	**23,603**	-
	41,747	663,166

11 RELATED PARTY TRANSACTIONS

Related parties represent shareholder, affiliated companies, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the statement of comprehensive income are as follows:

	31 March 2019	31 March 2018
	AED	AED
Revenue from contract with customer - marketing support fees	**7,711,501**	4,404,000

The Company provides services to its Parent Company to which the Company earns income from marketing support. Revenues generated from the services provided are recognised over time.

The outstanding receivable from a related party that is included in the statement of financial position as at 31 March 2019 amount to AED 18,363 (31 March 2018: Nil)

Terms and conditions of transactions with related parties

Outstanding balances at the year-end arose in the normal course of business and are unsecured, interest free and repayable upon demand from lender. There have been no guarantees provided or received for any related party receivables or payables. During the current and previous year, the Company has not recorded any impairment of receivables relating to the amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	31 March 2019	31 March 2018
	AED	AED
Directors' remuneration (Note 13)	**2,224,528**	3,186,193

12 OTHER INCOME

Other income represents the income from reversal of provision for bonuses that are deemed by the Company as no longer payable as at 31 March 2019.

13 GENERAL AND ADMINISTRATIVE EXPENSES

	31 March 2019	*31 March 2018*
	AED	*AED*
Salaries & benefits:		
Directors' remuneration (Note 11)	**2,224,528**	3,186,193
Other employees	**77,380**	71,559
Other staff costs	**29,768**	36,245
Compliance and regulatory fees	**58,550**	41,476
Professional and legal fees	**265,891**	270,316
Rent (Note 14)	**194,919**	195,349
Communication	**56,310**	51,897
Travelling expenses	**46,602**	30,131
Depreciation (Note 5)	**1,143**	2,284
Bank charges	**1,896**	911
Other administrative expenses	**64,862**	89,220
	3,021,849	3,975,581

14 COMMITMENT

Operating lease commitment

The Company is a lessee under a non-cancellable lease agreement covering its office located at DIFC. The lease is renewable subject to the agreement with the lessor. The lease agreement was made effective on 21 June 2017 and will expire on 20 June 2020. The future minimum lease payments under these non-cancellable operating leases as of December 31 are as follows:

	31 March 2019	*31 March 2018*
	AED	*AED*
Within 1 year	**195,200**	195,200
After 1 year but not more than 5 years	**-**	195,200
	195,200	390,400

Relative to this, the Company also made advance rental payments of AED 43,718 (2018: AED 43,437) that is presented as part of prepayments under Deposits, prepayments and other receivables (see Note 6) in the statement of financial position. Rent expense for the period amounted to AED 194,919 (2018: AED 195,349) (see Note 13) which is presented as part of General and administrative expenses in the statement of comprehensive income.

15 FINANCIAL ASSETS AND LIABILITIES

The financial assets of the Company comprise amounts due from a related party, deposits, and other receivable, accrued interest on fixed deposits, and bank balances. The financial liabilities of the Company professional fees payable, staff payables, and accrued expenses. The accounting policies for financial assets and liabilities are set out in Note 3.

15 FINANCIAL ASSETS AND LIABILITIES *(continued)*

The following table summarises the carrying amount of financial assets and financial liabilities recorded at the reporting date:

	31 March 2019	*31 March 2018*
	AED	*AED*
Financial assets		
Financial assets at amortised cost	**10,190,612**	5,823,695
Financial assets at fair value through OCI		
- with recycling of cumulative gain and losses (debt instruments)	**-**	-
- with no recycling of cumulative gain and losses (equity instruments)	**-**	-
Financial assets at fair value through profit and loss	**-**	-
Total financial assets	**10,190,612**	5,823,695
Financial liabilities		
At fair value through the profit and loss	**-**	-
Measured at amortized cost:		
- Derivative financial instruments	**-**	-
- Other financial liabilities	**41,747**	663,166
Total financial liabilities	**41,747**	663,166

16 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

(a) Market risk;

(b) Credit risk; and

(c) Liquidity risk

(a) Market risk

Market risk is the risk that the fair value of the financial instrument may fluctuate as a result of change in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage their market risk.

The Company is exposed to the following market risk:

(i) Interest rate risk;

(ii) Currency risk; and

(iii) Price risk.

The Company's exposure to the above risks are described below:

(i) Interest rate risk:

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

16 FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk: *(continued)*

The Company's interest rate exposure mainly arises from fixed deposits only. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

	Carrying amount	
	31 March 2019	*31 March 2018*
	AED	*AED*
Fixed rate instruments		
Short-term deposits (Note 7)	**907,142**	399,181

(ii) Currency risk:
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currencies.

Exposure to currency risk
The Company's significant monetary assets and liabilities are denominated either in AED or in currencies pegged to USD. Thus the currency risks were not considered to present significant risk for the Company.

(iii) Price risk:
Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all similar financial instruments traded in the market. At the reporting date the Company's price risk profile does not include any financial instruments as such.

(b) Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits, accrued interest on fixed deposits, other receivables, amount due from related parties and bank balances. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2019	*31 March 2018*
	AED	*AED*
Refundable deposits	**31,784**	34,904
Amounts due from a related party	**18,363**	-
Other receivables	**11,708**	23,781
Cash and cash equivalents	**10,128,757**	5,765,010
	10,190,612	5,823,695

Bank balances
The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

(c) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.

16 FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

The Company's objective is to maintain a balance between continuity of funding and flexibility through efficient cash management. The Company limits its liquidity risk by aligning the terms of trade payables with the terms of collection from customers. Further, the shareholder ensures adequate funds are available as and when required.

The following table summarise the maturity profile of financial liabilities based on the remaining period at the end of reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows:

At 31 March 2019

	Carrying amount	***Contractual cash flow***	***Less than 3 months***	***3 to 12 months***	***Total***
	AED	***AED***	***AED***	***AED***	***AED***
Other payables and accruals	**41,747**	**41,747**	**41,747**	**-**	**41,747**

At 31 March 2018

	Carrying amount	*Contractual cash flow*	*Less than 3 months*	*3 to 12 months*	*Total*
	AED	*AED*	*AED*	*AED*	*AED*
Other payables and accruals	663,166	663,166	17,440	645,726	663,166

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significant different amounts.

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. The financial assets of the Company comprise amounts due from a related party, other receivables, deposits, accrued interest on fixed deposits, and bank balances. The financial liabilities of the Company include professional fees payable, staff payables and accrued expenses.

The fair values of financial assets and financial liabilities of the Company at the reporting date are not materially different from their carrying values largely due to the nature and short term maturities of financial instruments.

18 GENERAL

Rounding off

Figures have been rounded off to the nearest UAE dirhams unless otherwise stated.

Corresponding figures

Corresponding figures have been reclassified and rearranged, wherever necessary for better presentation.