**Al Ansari Financial Services P.J.S.C.**

**Consolidated Financial Statements**

**For the year ended 31 December 2023**

**Al Ansari Financial Services P.J.S.C.**

**Directors' report and consolidated financial statements**
**For the year ended 31 December 2023**

**Contents** **Pages**

**Al Ansari Financial Services P.J.S.C.**

## Directors' report for the year ended 31 December 2023

The Board of Directors is pleased to submit its report on the activities of Al Ansari Financial Services P.J.S.C. (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2023 together with the consolidated audited financial statements.

### Board of Directors:

The Board of Directors of the Company comprises:

| | |
|---|---|
| Mr. Mohammad Ali A. Al Ansari | Group Chairman, Non-executive Director |
| Mr. Fuad Ali A. Al Ansari | Group Vice Chairman, Non-executive Director |
| Mr. Eisa Ali A. Al Ansari | Non-executive Director |
| Mr. Rashed Ali A. Al Ansari | Group Chief Executive Officer, Executive Director |
| Mr. Nitin Khanna | Independent, Non-executive Director |
| Ms. Raja Al Mazrouei | Independent, Non-executive Director |
| Mr. Marcello Baricordi | Independent, Non-executive Director |

### Principal activities

The Group is engaged in the business of buying and selling of foreign currencies and travellers' cheques, executing remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of "wages protection", providing special financial products (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

### Financial performance

During the year ended 31 December 2023, the Group reported income of AED 1,162 million (2022: AED 1,170 million) and profit for the year of AED 495 million (2022: AED 595 million).

### Dividend

On 13 February 2024, the Board of Directors proposed to distribute a cash dividend of AED 300 million to the shareholders (AED 0.04 per share). The proposed dividend is subject to approval by the shareholders at the Company's General Assembly Meeting in March 2024.

### Auditors

The consolidated financial statements for the year ended 31 December 2023 have been audited by Deloitte & Touche (M.E.) who, being eligible, have offered themselves for reappointment.

### Outlook

The Group's strategic road map is built to unlock shareholders' value by exploring various growth opportunities to broaden our customer base and gain access to new markets. The Group's strategic initiatives are designed to reinforce our market leadership in the financial services industry by fulfilling the ever-evolving customer needs and maintaining sustained growth. In turn, these strategies are anchored by customer-centricity, market insights and technological advancements. By constantly diversifying our service offerings, embracing digital transformation and enhancing profitability, the Group is well positioned to optimise its presence in the UAE and across the region.

Mohammad Ali Al Ansari
Group Chairman
On behalf of the Board of Directors
Al Ansari Financial Services P.J.S.C.
13 February 2024

Deloitte & Touche (M.E.)
Building 2, Level 3
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

# INDEPENDENT AUDITOR'S REPORT

**The Shareholders**
**Al Ansari Financial Services P.J.S.C**
**Dubai**
**United Arab Emirates**

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Al Ansari Financial Services PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.



**Key audit matters (continued)**

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Money exchange, remittances and other services revenue and IT systems and controls** | |
| The group recognized revenue of AED 1,132 million from money exchange, remittances and other services. The Group provides these services to its customers through a wide range of branch networks, digital channels and smart counters.<br><br>The calculation and recording of money exchange and remittance services is automated and relies on complex IT systems.<br><br>We identified IT systems and controls over the Group's recording of revenue as key audit matter due to the extensive volume and variety of transactions which are processed daily by the Group and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.<br><br>Refer to notes 3 and 29 in the consolidated financial statements for more details relating to revenue recognised during the year. | We performed the following procedures, inter alia, in relation to this matter.<br><br>We evaluated the design and tested the operating effectiveness of certain internal controls related to the money exchange and remittance revenue process.<br><br>We involved IT professionals with specialized skills and knowledge who assisted in:<br>• Testing IT general and automated controls over access security, program changes, data center and network operations.<br>• Identifying the relevant systems used to calculate and record money exchange and remittance revenue transactions;<br>• Testing the general IT controls over certain systems and Information Produced by the Entity (IPEs), including testing of user access controls, change management controls, and IT operations controls; and<br>• Testing automated application controls including system interfaces and the calculation and recording of money exchange and remittance revenue transactions to the Group's general ledgers.<br><br>In addition, we performed the substantive procedures described below:<br>• Using data enabled audit techniques, we recalculated the revenue recorded in relation to an extensive sample of trades, and agreed these to the underlying accounting records.<br>• We tested a sample of money exchange and remittance revenue transactions by comparing the amounts recognized to source documents.<br><br>We also assessed the disclosure in the financial statements relating to this matter against the requirements of IFRSs. |

**Other Matter**

The financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 21 February 2023.

**Other information**

The Board of Directors and management is responsible for the other information. The other information comprises the Director's Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after the date.

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

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

## Other information (continued)

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

When we read Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter with those charged with governance.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT
**To the Shareholders of Al Ansari Financial Services PJSC (continued)**

**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021.
- the Group has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the books of account of the Group;
- the Group has not purchased or invested in any shares during the financial year ended 31 December 2023;
- note 9 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- There are no social contributions made during the year; and
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2023, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023.

**Deloitte & Touche (M.E.)**

Firas Anabtawi
Registration No.: 5482
13 February 2024
Dubai
United Arab Emirates

**Al Ansari Financial Services P.J.S.C.**

**Consolidated statement of financial position**

| | Note | As at 31 December 2023 AED'000 | 2022 AED'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Right-of-use assets | 5 | 92,031 | 67,235 |
| Property and equipment | 6 | 71,926 | 53,404 |
| Restricted deposits with banks | 7 | 51,259 | 50,356 |
| | | **215,216** | 170,995 |
| **Current assets** | | | |
| Cash on hand and in transit | 8 | 1,137,784 | 1,051,113 |
| Due from banks | 8 | 1,577,329 | 1,382,261 |
| Due from exchange houses and agents | 8 | 46,363 | 64,863 |
| Due from related parties | 9 | 22 | 217 |
| Prepayments and other receivables | 10 | 117,454 | 94,001 |
| | | **2,878,952** | 2,592,455 |
| **Total assets** | | **3,094,168** | 2,763,450 |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 11 | 44,550 | 23,658 |
| Provision for employees' end-of-service benefits | 12 | 45,851 | 41,853 |
| | | **90,401** | 65,511 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 742,103 | 644,712 |
| Due to banks | 14 | 20,376 | 10,824 |
| Due to exchange houses and agents | 14 | 72,560 | 52,641 |
| Due to related parties | 9 | 4,163 | 817 |
| Bank borrowings | 15 | 325,000 | 348,750 |
| Lease liabilities | 11 | 38,146 | 33,965 |
| | | **1,202,348** | 1,091,709 |
| **Total liabilities** | | **1,292,749** | 1,157,220 |
| **EQUITY** | | | |
| Share capital | 17 | 75,000 | 75,000 |
| Statutory reserve | 18 | 37,500 | - |
| Acquisition reserve | 19 | 286,143 | 286,143 |
| Retained earnings | | 1,402,776 | 1,245,087 |
| **Total equity** | | **1,801,419** | 1,606,230 |
| **Total liabilities and equity** | | **3,094,168** | 2,763,450 |

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 13 February 2024 and signed on its behalf by:

**Mohammad Ali Al Ansari**
Group Chairman

**Faisal Anwar**
Group Chief Financial Officer



The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

**Al Ansari Financial Services P.J.S.C.**

**Consolidated statement of profit or loss and other comprehensive income**
**For the year ended 31 December 2023**

| | Note | 2023 AED'000 | 2022 AED'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Income** | | | |
| Net gain on currency exchange | | 541,678 | 607,070 |
| Net commission income | 20 | 590,424 | 547,410 |
| Interest income | | 25,179 | 11,484 |
| Other income | | 5,195 | 4,339 |
| | | **1,162,476** | 1,170,303 |
| **Expenses** | | | |
| Salaries and benefits | 21 | (450,725) | (406,607) |
| General and administrative expenses | 22 | (116,449) | (99,951) |
| Depreciation and amortisation | 23 | (85,014) | (70,585) |
| Provision for expected credit losses | 8.4 | (240) | (2,000) |
| Finance cost | 24 | (13,327) | (2,306) |
| Bank charges | | (1,532) | (1,196) |
| **Profit from continuing operations** | | **495,189** | 587,658 |
| Profit from discontinued operations | 25 | - | 7,637 |
| **Net profit for the year** | | **495,189** | 595,295 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **495,189** | 595,295 |
| **Net profit attributable to:** | | | |
| Shareholders of the Company | | 495,189 | 594,859 |
| Non-controlling interest | | - | 436 |
| | | **495,189** | 595,295 |
| **Basic and diluted earnings per share (AED)** | 26 | **0.0660** | 0.0793 |



The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

**Al Ansari Financial Services P.J.S.C.**

**Consolidated statement of equity**
**For the year ended 31 December 2023**

| | Share capital AED'000 | Statutory reserve AED'000 | Acquisition reserve AED'000 | Shareholders' current account AED'000 | Retained earnings AED'000 | Total Shareholders' equity AED'000 | Non-controlling interest AED'000 | Total equity AED'000 |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2022 | 50,000 | - | 1,381,043 | 96,934 | 983,980 | 2,511,957 | 14,513 | 2,526,470 |
| Total comprehensive income for the year | - | - | - | - | 594,859 | 594,859 | 436 | 595,295 |
| Dividend declared and paid (note 28) | - | - | (1,069,900) | - | (333,752) | (1,403,652) | | (1,403,652) |
| Distribution from current account | - | - | - | (96,934) | - | (96,934) | - | (96,934) |
| Increase in share capital through transfer from acquisition reserve | 25,000 | - | (25,000) | - | - | - | - | - |
| Sale of subsidiaries | - | - | - | - | - | - | (14,949) | (14,949) |
| At 31 December 2022 | 75,000 | - | 286,143 | - | 1,245,087 | 1,606,230 | - | 1,606,230 |
| **At 1 January 2023** | **75,000** | **-** | **286,143** | **-** | **1,245,087** | **1,606,230** | **-** | **1,606,230** |
| Total comprehensive income for the year | - | - | - | - | 495,189 | 495,189 | - | 495,189 |
| Dividend declared and paid (note 28) | - | - | - | - | (300,000) | (300,000) | - | (300,000) |
| Transfer to statutory reserve (note 18) | - | 37,500 | - | - | (37,500) | - | - | - |
| **At 31 December 2023** | **75,000** | **37,500** | **286,143** | **-** | **1,402,776** | **1,801,419** | **-** | **1,801,419** |



The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

**Consolidated statement of cash flows**
**For the year ended 31 December 2023**

| | Note | 2023 AED'000 | 2022 AED'000 |
|---|---|---|---|
| ***Operating activities*** | | | |
| Net profit for the year | | 495,189 | 595,295 |
| Adjustments for: | | | |
| Depreciation and amortisation | 23, 25 | 85,014 | 75,475 |
| Provision for expected credit losses | 8.4 | 240 | 2,000 |
| Provision for employees' end-of-service benefits | 12 | 7,189 | 6,731 |
| Finance cost | 24 | 13,327 | 2,306 |
| Gain on disposal of property and equipment | | (379) | (119) |
| **Operating cash flows before settlement of employees' end-of-service benefits and changes in working capital** | | **600,580** | 681,688 |
| Payment for employees' end-of-service benefits | 12 | (3,191) | (3,664) |
| **Changes in working capital:** | | | |
| Due from exchange houses and agents | | 18,500 | 49,548 |
| Due from related parties | | 195 | 9,529 |
| Prepayment and other receivables | | (23,453) | (13,592) |
| Trade and other payables | | 97,391 | 81,410 |
| Due to exchange houses and agents | | 19,919 | (654) |
| Due to related parties | | 3,346 | (107,527) |
| Restricted deposits with banks | | (903) | (29,621) |
| **Net cash generated from operating activities** | | **712,384** | 667,117 |
| **Investing activities** | | | |
| Payment for purchase of property and equipment | | (45,193) | (30,955) |
| Fixed deposits having maturities longer than three months | | 165,195 | (196,925) |
| Proceeds from sale of property and equipment | | 1,331 | 163 |
| Net cash and cash equivalents transferred upon sale of subsidiaries | | - | (18,133) |
| Investment properties | | - | (106) |
| Investments at fair value through profit or loss | | - | (4) |
| **Net cash generated from / (used in) investing activities** | | **121,333** | (245,960) |
| **Financing activities** | | | |
| Dividends paid | 28 | (300,000) | (1,077,852) |
| Lease liabilities paid | 11 | (62,963) | (58,514) |
| Proceeds from bank borrowings | 15 | 325,000 | 357,510 |
| Repayment of bank borrowings | | (358,132) | - |
| Disbursements from shareholders' current account | | - | (96,934) |
| **Net cash used in financing activities** | | **(396,095)** | (875,790) |
| **Net increase / (decrease) in cash and cash equivalents** | | 437,622 | (454,633) |
| Cash and cash equivalents at the beginning of the year | | 2,226,625 | 2,681,258 |
| **Cash and cash equivalents at the end of the year** | 27 | **2,664,247** | 2,226,625 |



The notes on pages 10 to 45 are an integral part of these consolidated financial statements.

## 1 Legal status and principal activities

Al Ansari Financial Services P.J.S.C. (the "Company") is a public joint stock company with trade license number 758204 issued by the Department of Economy and Tourism in Dubai.

The Company was initially established as a limited liability company on 9 May 2016. The legal status of the Company was converted to a public joint stock company on 3 April 2023 by virtue of a resolution of the Company's shareholders.

Pursuant to a resolution dated 8 March 2023, the shareholders approved the listing of the Company's shares on Dubai Financial Market whereby 10% of its shares were offered to the general public in an Initial Public Offering ("IPO"). The shares of the Company were listed on Dubai Financial Market on 6 April 2023.

As of the reporting date, Al Ansari Holding LLC (the "Parent Company") held 90% of the issued share capital whereas the remaining 10% is held by the general public.

These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (together referred to as the "Group").

| **Name of the subsidiary** | **Percentage holding** | |
|---|---|---|
| | **2023** | 2022 |
| Al Ansari Exchange L.L.C. | 100% | 100% |
| Worldwide Cash Express Limited | 100% | 100% |
| Blue Horizon on Demand Labours Supply Services L.L.C. | 100% | 100% |
| Cash Trans Money & Valuables Transport Services L.L.C. | 100% | 100% |

All the subsidiaries mentioned above are incorporated in the United Arab Emirates.

The Group is engaged in the business of buying and selling of foreign currencies and travellers' cheques, cheques, executing remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of "wages protection" (WPS), providing special financial products (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

The Group has not purchased or invested in any shares during the financial year ended 31 December 2023.

The Group has not made any social contributions during the year.

The registered office of the Group is at P.O. Box 6176, Dubai, UAE.

## 2 Basis of preparation

### *(a) Statement of compliance*

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS Accounting Standards), as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of laws of the United Arab Emirates.

### *(b) Basis of measurement*

These consolidated financial statements have been prepared under the historical cost convention except for derivatives measured at fair value, and on a going concern basis.

## 2 Basis of preparation (continued)

*(b) Basis of measurement (continued)*

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying IFRS Accounting Standards. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Certain comparative information has been reclassified to conform with the current year's presentation. The restatements did not have any impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022.

*(c) Functional and presentation currency*

The functional currency of the Company and presentation currency of the Group is UAE Dirham ("AED"), the currency of the primary economic environment in which the Group operates.

All values have been rounded to the nearest thousand ("000"), unless otherwise disclosed.

*(d) Basis of consolidation*

**Subsidiary**

A subsidiary is an investee controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The stand-alone financial statements of a subsidiary are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

**Transactions eliminated on consolidation**

Intra-group balances and transactions, and any realised or unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

## 3. Material accounting policy information

### 3.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements

During the year ended 31 December 2023, the Group has adopted a number of amendments to IFRS Accounting 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 2023.

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

| New and revised IFRS | Summary |
|---|---|
| IFRS 17 Insurance Contracts | IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023. |

## 3 Material accounting policy information (continued)

### 3.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements (continued)

| New and revised IFRS | Summary |
|---|---|
| Amendments to IFRS 17 Insurance Contracts | Amendments to IFRS 17 address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:<br>• Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.<br>• Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.<br>• Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination.<br>• Clarification of the application of IFRS 17 in financial statements allowing an accounting policy choice at a reporting entity level.<br>• Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.<br>• Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.<br>• Requirement that an entity which on initial recognition recognises losses on onerous insurance contracts issued also recognises a gain on reinsurance contracts held.<br>• Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position using portfolios of insurance contracts rather than groups of insurance contracts.<br>• Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach. |
| Amendment to IFRS 17 Insurance Contracts Initial Application of IFRS 17 and IFRS 9 - Comparative Information | The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. |
| Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9 | The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023. |

## 3 Material accounting policy information (continued)

### 3.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements (continued)

| New and revised IFRS | Summary |
|---|---|
| Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 | The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. |
| Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction | The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. |
| Amendments to IAS 12 Income Taxes relating to International Tax Reform - Pillar Two Model Rules | The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. |
| Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors | The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. |

### 3.2 New and revised IFRSs issued but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, the Group 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 16 Leases relating to Lease Liability in a Sale and Leaseback<br><br>The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. | 1 January 2024 |

## 3 Material accounting policy information (continued)

### 3.2 New and revised IFRSs issued but not yet effective and not early adopted (continued)

| **New and revised IFRSs** | **Effective for annual periods beginning on or after** |
|---|---|
| Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current<br><br>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.<br><br>The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024. | 1 January 2024 |
| Amendments to IAS 1 Presentation of Financial Statements relating to Non-current Liabilities with Covenants<br><br>The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. | 1 January 2024 |
| Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements<br><br>The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. | 1 January 2024 |
| Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture | Effective date deferred indefinitely. Adoption is still permitted. |

The Group anticipates that these new standards, interpretations, and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is unlikely to have a material impact on the consolidated financial statements of Group in the period of initial application.

### 3.3 Revenue recognition

Income mainly comprises of net commissions and / or net gain on currency exchange earned on remittances, sale and purchase of bank notes and issuance and reload of prepaid cards and fees generated from provision of other services (wages protection, bill payments, cash collections, and transportation of cash and valuables) offered by the Group.

Sale or purchase of a currency contract has only one performance obligation. Net gain on currency exchange is recognised when the transaction is executed.

Commission income is earned primarily from fees charged to customers for each transaction and includes only one performance obligation that is satisfied at a point in time when the related services are performed, and instruments are issued / accepted. Commission expense is recognised when the remittances are processed.

The Group recognizes revenues on a gross basis, except for commissions earned from third-party remittances, as the Group is considered the principal in these transactions.

## 3 Material accounting policy information (continued)

### 3.4 Interest income / expense

Interest income and expense for all interest-bearing financial instruments are recognized in the consolidated statement of profit or loss and other comprehensive income on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

When calculating effective interest rates, the Group estimates cash flows after considering all contractual terms of the financial instruments excluding future credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

### 3.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis to write off cost of furniture & equipment over their estimated useful lives as follows:

| Class of assets | Life (years) |
|---|---|
| Furniture | 4 |
| Fixtures | 5 years or lease term (whichever is lower) |
| Computers, software, and office equipment | 4 |
| Motor vehicles | 3 - 5 |

Useful life, residual values and depreciation method are reassessed at each reporting date with the effect of any change in the estimate, accounted for prospectively.

The cost of replacing part of an item of furniture and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing and maintenance of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

### 3.6 Capital work in progress (CWIP)

Capital work in progress, representing expenditure incurred in respect of renovation and setting up of new branches, is stated at cost less impairment loss, if any. CWIP is transferred to property and equipment once set up is completed.

## 3 Material accounting policy information (continued)

### 3.7 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are measured at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets (except goodwill) that incurred impairment are reviewed for possible reversal of the impairment at each reporting date.

### 3.8 Financial instruments

**Financial instruments**

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

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

***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. The Group's financial assets include cash in transit, due from banks, due from exchange houses and agents, due from related parties and other receivables.

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*

*(i) Debt instruments designated at amortised cost*

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.

## 3 Material accounting policy information (continued)

### 3.8 Financial instruments (continued)

***Financial assets** (continued)*

*Classification of financial assets (continued)*

*(ii) Debt instrument designated at other comprehensive income*

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).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

*Amortised cost and effective interest rate method*

The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method, of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the consolidated statement of profit or loss and other comprehensive income.

## 3 Material accounting policy information (continued)

### 3.8 Financial instruments (continued)

***Financial assets** (continued)*

*Classification of financial assets (continued)*

*(iii) Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as measured at FVTPL. In addition, debt instruments that meet either the amortised cost or the FVTOCI criteria may be designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments that are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss and other comprehensive income.

The Group does not have financial assets classified as measured at FVTPL.

*Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on due from banks, due from exchange houses and agents, due from related parties and other receivables as well as on financial guarantee contracts. 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 Group always recognises lifetime ECL for trade receivables and contract assets. The management has used the forward-adjusted loss rate associated with the credit default swap (CDS) spread which is a market indication of credit risk to determine the expected credit loss provision.

For all other financial instruments, the Group 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 Company 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.

*(i) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

## 3 Material accounting policy information (continued)

### 3.8 Financial instruments (continued)

***Financial assets** (continued)*

*Impairment of financial assets (continued)*

*(i) Significant increase in credit risk (continued)*

For financial guarantee contracts, the date that the Group becomes a party to an irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

*(ii) Definition of default*

The Group employs statistical models to analyse the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies in which the Group operates.

*(iii) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

**3 Material accounting policy information** (continued)

**3.8 Financial instruments** (continued)

***Financial assets*** *(continued)*

*Impairment of financial assets (continued)*

*(iv) Write-off policy*

The Group writes off a financial asset when there is strong evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

*(v) Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

*Derecognition of financial assets*

The Group derecognises a financial asset only 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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as measured at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to the consolidated statement of profit or loss and other comprehensive income. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the consolidated statement of profit or loss, but is transferred to retained earnings.

***Financial liabilities***

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

## 3 Material accounting policy information (continued)

### 3.8 Financial instruments (continued)

***Financial liabilities*** *(continued)*

*Financial liabilities at FVTPL*

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as measured at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in the consolidated statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the consolidated statement of profit or loss. The remaining amount of change in the fair value of liability is recognised in the consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in the consolidated statement of other comprehensive income are not subsequently reclassified to the consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as measured at FVTPL are recognised in profit or loss.

*Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not designated as measured 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.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group'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.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 3 Material accounting policy information (continued)

### 3.9 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash in transit, due from banks and fixed deposits having original maturity of less than three months, less due to banks. Restricted deposits with banks are not considered to be a part of cash and cash equivalents as these are the funds placed by the Group in accordance with the correspondence arrangements with various corresponding banks and are not available to the Group for its day-to-day operations.

### 3.10 Deposit with tax authorities

Other receivables include deposit with tax authorities related to taxes other than income tax. This is recognised as an asset in the consolidated statement of financial position and is measured at amortised cost. The deposit is a right to obtain future economic benefits, either by receiving a refund or by utilising the deposit to settle a tax liability.

### 3.11 Foreign currencies

Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at exchange rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to AED at the foreign exchange rates prevailing at the date of the transaction. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

### 3.12 Provision for employees’ end-of-service benefits

A provision is made for the full amount of end-of-service benefits due to non-UAE national employees in accordance with the Group’s policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. The provision for end of service benefits is disclosed as a non-current liability.

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The Group has no further payment obligations once the contributions have been paid.

### 3.13 Value Added Tax (VAT)

The Group recorded a VAT payable net of payments in the accompanying consolidated financial statements at the applicable rate of 5%. Sales revenue represents the invoiced value of services, net of VAT. All the VAT returns of the Group remain subject to examination by the tax authorities for five years from the date of filing.

## 3 Material accounting policy information (continued)

### 3.14 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

In all those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised.

### 3.15 Related party transactions

Related party transactions are transfers of resources, services or obligations between the Group and a related party, regardless of whether a price is charged. They include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognised or unrecognised). All the related party information required by IAS 24 that is relevant to the Group has been presented in note 9.

### 3.16 Leases

***The Group's leasing activities and the basis of accounting***

The Group leases mainly offices and branch locations. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Rental contracts may contain both lease and non-lease components.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

i. fixed payments of lease and non-lease components (including in-substance fixed payments), less any lease incentives receivable
ii. variable lease payment that are based on an index or a rate
iii. amounts expected to be payable by the lessee under residual value guarantees
iv. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
v. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted based on the incremental borrowing rate determined by the Group, being the rate at which the lessee would have to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Future cash outflows to which the Group is potentially exposed to and that are not reflected in the measurement of lease liabilities includes the following:

i. variable lease payments;
ii. extension options and termination options;
iii. leases not yet commenced to which the lessee is committed;

## 3 Material accounting policy information (continued)

### 3.16 Leases (continued)

***The Group's leasing activities and the basis of accounting*** *(continued)*

Right-of-use assets are measured at cost comprising the following:

i. the amount of the initial measurement of lease liability
ii. as applicable, any lease payments made at or before the commencement date less any lease incentives received, and
iii. as applicable, any initial direct costs.

Leases of low value assets mainly comprise office equipment (scanner and printer machines). Other short-term leases include vehicles rented for business purpose.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of non-financial assets' policy.

***Variable lease payments***

Impact of leases containing variable payment terms that are linked to sales generated or any other type of variable aspects are found to be immaterial with the Group.

***Extension and termination options***

Extension and termination options are included in a number of leases. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Some extension and termination options held are exercisable by the Group, others require both the lessee and the lessor to mutually agree before an option to extend or early terminate is exercised. Approximately, AED 6.94 million (2022: AED 6.90 million) of the total lease payments included in the calculation of the lease liability in 2023 were subject to auto renewal.

### 3.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs which are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities in case settlement is due within 12 months. Otherwise, they are classified as non-current liabilities.

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 payment through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The future cash payment is estimated taking into account all the contractual terms of the instrument.

## 3 Material accounting policy information (continued)

### 3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by dividing the consolidated profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

### 3.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders.

### 3.20 Segment reporting

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Senior Management Committee.

### 3.21 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the 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.

A liability is current when:

- It is expected to be settled in the 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

## 4 Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described below.

(i) Expected Credit Loss (ECL) on financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3.8. The Group reviews its financial assets to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated statement of profit or loss and other comprehensive income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from an asset or group of assets. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

(ii) Useful lives of property and equipment

The cost of property and equipment is depreciated over the estimated useful lives. Depreciation is based on the 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. The estimated useful life is monitored and adjustments are made prospectively, if factors indicate that such adjustments are appropriate.

(iii) Classification and measurement of financial assets

The classification and measurement of financial assets depend on the management's business model for managing its financial assets and on the contractual cash flow characteristics of the financial asset assessed.

(iv) Lease term and practical expedients applied

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 44.22 million (2022: AED 32.41 million) have not been included in the lease liability because the Group is not reasonably certain that the leases will be extended. The assessment is reviewed at each reporting period if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the Group.

(v) Other provisions

Management has applied judgement in recognising certain provisions. Management has based their judgement on experience and their judgement is supported by external experts.

## 5 Right-of-use assets

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| Right-of-use assets – Properties | **92,031** | 67,235 |

## 5 Right-of-use assets (continued)

The movement in right-of-use assets during the year:

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| As at 1 January | 67,235 | 49,524 |
| Additions – new leases (5.1) | 84,091 | 69,657 |
| Depreciation expenses (note 23) | (59,295) | (51,946) |
| **As at 31 December** | **92,031** | 67,235 |

5.1 Additions include AED 20.03 million in respect of a lease agreement entered into with a related party, Al Ansari Real Estate LLC, for a fixed term of six years in relation to renting the head office premises of the Group (note 9).

## 6 Property and equipment

| | **Building** AED'000 | **Furniture and fixtures** AED'000 | **Computers, software, and office equipment** AED'000 | **Motor vehicles** AED'000 | **Capital work in progress** AED'000 | **Total** AED'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2022 | 23,665 | 99,812 | 74,712 | 8,843 | 2,598 | 209,630 |
| Additions | - | 4,857 | 13,459 | 1,050 | 11,589 | 30,955 |
| Transfers | - | 9,850 | - | - | (9,850) | - |
| Disposals and write-offs | - | (903) | (5,556) | - | - | (6,459) |
| Sale of subsidiaries | (23,665) | (2,221) | (6,476) | (270) | - | (32,632) |
| At 31 December 2022 | - | 111,395 | 76,139 | 9,623 | 4,337 | 201,494 |
| Additions | - | 13,901 | 16,802 | 6,224 | 8,266 | 45,193 |
| Transfers | - | 11,031 | - | - | (11,031) | - |
| Reclassification | - | (1,498) | 1,498 | - | - | - |
| Disposals and write offs | - | (5,266) | (6,643) | (2,600) | - | (14,509) |
| **At 31 December 2023** | **-** | **129,563** | **87,796** | **13,247** | **1,572** | **232,178** |
| **Accumulated depreciation and amortisation** | | | | | | |
| At 1 January 2022 | 4,931 | 80,230 | 58,049 | 5,767 | - | 148,977 |
| Charge for the year | 435 | 9,411 | 8,400 | 940 | - | 19,186 |
| Disposals and write-offs | - | (865) | (5,550) | - | - | (6,415) |
| Sale of subsidiaries | (5,366) | (2,085) | (5,947) | (260) | - | (13,658) |
| At 31 December 2022 | - | 86,691 | 54,952 | 6,447 | - | 148,090 |
| Charge for the year | - | 13,408 | 10,744 | 1,567 | - | 25,719 |
| Reclassification | - | (1,273) | 1,273 | - | - | - |
| Disposals and write-offs | - | (4,392) | (6,565) | (2,600) | - | (13,557) |
| **At 31 December 2023** | **-** | **94,434** | **60,404** | **5,414** | **-** | **160,252** |
| **Net book amount** | | | | | | |
| **As at 31 December 2023** | **-** | **35,129** | **27,392** | **7,833** | **1,572** | **71,926** |
| As at 31 December 2022 | - | 24,704 | 21,187 | 3,176 | 4,337 | 53,404 |

## 7 Restricted deposits with banks – non-current

| | 2023 AED'000 | 2022 AED'000 |
|---|---|---|
| Restricted deposits with banks inside UAE (note 7.1) | 41,342 | 40,476 |
| Restricted deposits with banks outside UAE (note 7.2) | 9,917 | 9,880 |
| | **51,259** | 50,356 |

**7.1** Restricted deposits with banks inside UAE, denominated in AED, are held as margins with banks against bank guarantee arrangements.

**7.2** Restricted deposits with banks outside UAE, denominated in USD, are held as margins held against remittance arrangements and multi-currency travel card program.

## 8 Cash on hand and in transit, due from banks, exchange houses and agents

| | 2023 AED'000 | 2022 AED'000 |
|---|---|---|
| ***Cash on hand and in transit*** | | |
| Cash on hand | 1,099,158 | 1,023,530 |
| Cheques on hand | 26,175 | 5,780 |
| Cash in transit | 12,451 | 21,803 |
| **Total amount of cash on hand and in transit** | **1,137,784** | 1,051,113 |
| ***Due from banks*** | | |
| Balances with banks inside UAE | | |
| - Current accounts (note 8.1) | 895,106 | 783,448 |
| - Fixed deposits (note 8.2) | 336,730 | 201,925 |
| - Advances to banks against credit card collections | 7,739 | 5,218 |
| - Credit card receivables | 31,228 | 23,380 |
| | **1,270,803** | 1,013,971 |
| Balances with banks outside UAE | | |
| - Current accounts | 312,766 | 374,290 |
| Balances with banks outside UAE | 312,766 | 374,290 |
| Less: Provision for expected credit losses (note 8.4) | (6,240) | (6,000) |
| | **306,526** | 368,290 |
| **Total amount due from banks** | **1,577,329** | 1,382,261 |
| ***Due from exchange houses and agents*** | | |
| Balances with exchange houses and agents inside UAE | 99 | 68 |
| Balances with exchange houses and agents outside UAE | 46,264 | 64,795 |
| **Total amount due from exchange houses and agents** | **46,363** | 64,863 |
| **Total balance of cash on hand and in transit, due from banks, exchange houses and agents** | **2,761,476** | 2,498,237 |

**8.1** Current accounts include AED 250 million (2022: AED 180 million) placed in interest bearing call account with the Central Bank of UAE.

Current accounts include funds received from prepaid travel card customers which represents funds where the use of associated deposits and cash is restricted solely to the settlement of the related liabilities. (note 13.1)

**8 Cash on hand and in transit, due from banks, exchange houses and agents** (continued)

**8.2** The Group has placed certain fixed deposits, at commercial market interest rates, with banks in the UAE for a tenure of 3 months and 6 months (2022: 12 months).

**8.3** Due from banks, due from exchange houses and agents are regularly assessed for credit quality considering the credit rating assigned to them by international or respective country's rating agencies and the country risk.

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| Assessed high rated externally (A1-Baa3) | 1,391,871 | 1,089,627 |
| Assessed medium to low rated externally (Ba1-B3) | 19,305 | 124,063 |
| Assessed very low rated externally (Caa1-C) | 38,546 | 50,527 |
| Unrated externally, assessed high rated internally | 78,045 | 132,941 |
| Unrated - others | 102,165 | 55,966 |
| | **1,629,932** | 1,453,124 |

**8.4** None of the balances with banks and exchange houses and agents at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the banks and exchange houses, management have assessed that the expected credit loss on these balances is AED 6.24 million (2022: AED 6 million).

The movement of provision for expected credit losses during the year:

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| As at 1 January | 6,000 | 4,000 |
| Provision during the year | 240 | 2,000 |
| As at 31 December | **6,240** | 6,000 |

**8.5** Concentration of balance of cash on hand and in transit, due from banks, exchange houses and agents by geographical area:

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| UAE | 1,264,662 | 1,008,037 |
| Philippines | 99,446 | 105,734 |
| India | 67,552 | 61,230 |
| Other Middle East countries | 63,134 | 132,014 |
| Pakistan | 47,513 | 39,663 |
| Bangladesh | 17,769 | 14,907 |
| USA | 4,060 | 5,707 |
| Europe | 2,910 | 6,969 |
| Other locations | 56,646 | 72,863 |
| | **1,623,692** | 1,447,124 |
| Cash on hand - UAE | 1,099,158 | 1,023,530 |
| Cheques on hand – UAE | 26,175 | 5,780 |
| Cash in transit - UAE | 12,451 | 21,803 |
| | **2,761,476** | 2,498,237 |

The geographical information shown above has been classified by location of cash and cheques in hand and cash in transit, the respective branches of the banks, exchange houses and agents.

## 8 Cash on hand and in transit, due from banks, exchange houses and agents (continued)

**8.6** Currency wise composition of cash and cheques in hand and in transit, balance due from banks, exchange houses and agents:

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| Local currency | 1,367,577 | 890,106 |
| Foreign currency | 1,393,899 | 1,608,131 |
| | **2,761,476** | 2,498,237 |

**8.7** Due to the nature of the Group's business, the ageing of amounts due from banks and due from exchange houses, other than fixed deposits, is within 30 days.

## 9 Related party disclosures

The Group enters into transactions with other entities that fall within the definition of a related party as defined in the International Accounting Standard 24: *Related Party Disclosures*.

Related parties comprise parent company, jointly controlled, or significantly influenced entities (together referred as "Group entities"), shareholders, directors, key management personnel and their associated entities.

These transactions are entered into in the normal course of business and mainly include foreign exchange and remittance arrangements and rental of premises. Management decides on the terms and conditions of the transactions and services received or rendered from / to related parties based on arm's length principle.

The significant transactions included in these consolidated financial statements are as follows:

| | **2023** | 2022 |
|---|---|---|
| | **AED'000** | AED'000 |
| **Transactions with related parties** (companies under common control) | | |
| Commission and exchange income earned – Al Ansari Exchange Kuwait | **2,401** | 3,482 |
| Interest paid – Group entities | **-** | 432 |
| Right-of-use asset for head office lease - Al Ansari Real Estate LLC (note 5.1) | **20,031** | - |
| Depreciation and finance cost on right of use asset for head office and branch lease - Al Ansari Real Estate LLC | **4,467** | 2,552 |

### 9.1 Due from / to related parties (companies under common control)

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| Due from related parties – Group entities | **22** | 217 |
| Due to related parties – Group entities | **4,163** | 817 |

## 9 Related party disclosures (continued)

### 9.1 Due from / to related parties (companies under common control) (continued)

Due from related parties represent unsecured interest-free current accounts which have arisen in the normal course of business. The expected credit loss on amounts due from related parties is insignificant.

Due to related parties represent unsecured interest-free current accounts which have arisen in the normal course of business.

### 9.2 Remuneration to Board of Directors

The remuneration payable to Board of Directors shall be presented to the shareholders for approval in the next Annual General Meeting.

### 9.3 Key management personnel

The total amount of compensation paid to key management personnel during the year is as follows:

| | **2023**<br>AED'000 | 2022<br>AED'000 |
|---|---|---|
| Salaries and other benefits | **13,352** | 10,695 |

Key management personnel include the Group's Chief Executive Officer, Group's Deputy Chief Executive Officer, Group's Chief Financial Officer, Group's other C-Suite officers, and department heads.

## 10 Prepayments and other receivables

| | **2023**<br>AED'000 | 2022<br>AED'000 |
|---|---|---|
| Commissions and incentives receivables | 28,782 | 14,010 |
| Bills receivables | 22,363 | 10,128 |
| Security deposits | 17,966 | 14,852 |
| Deposit with tax authorities (note 10.1) | 12,801 | 12,801 |
| Positive value of overnight foreign currency forwards (note 30) | 12,053 | 9,398 |
| Prepaid expenses | 8,722 | 7,868 |
| Commission income receivable in relation to WPS | 161 | 132 |
| Other receivables (note 10.2) | 14,606 | 24,812 |
| | **117,454** | 94,001 |

### 10.1 Deposit with tax authorities

**Voluntary disclosures filed for tax periods from January 2018 to January 2019 – AED 0.97 million**

On 29 March 2019, the Group filed voluntary disclosures as a result of applying an incorrect apportionment formula for allocating input tax into taxable and exempt supplies for the tax period January 2018 to January 2019. The Federal Tax Authority (FTA) accepted the voluntary disclosures but levied a penalty of AED 0.97 million, on the tax shortfall of AED 1.88 million, originating from using an inappropriate method of apportionment.

## 10 Prepayments and other receivables (continued)

### 10.1 Deposit with tax authorities (continued)

**Voluntary disclosures filed for tax periods from January 2018 to January 2019 – AED 0.97 million** (continued)

The Group has challenged the levy of these penalties on the grounds that the Group had a refundable tax position during the tax period January 2018 to December 2018 and therefore, any tax shortfall in January 2019 should have been adjusted with the excess refundable position.

On 30 August 2022, the Federal Court of First Instance decided the matter against the Group. The Group filed an appeal against the decision on 29 September 2022. However, on 16 November 2022, the Federal Court of Appeal upheld the decision of Federal Court of First Instance, against which the Group has filed an appeal with Federal Supreme Court which is pending hearing.

**Tax assessment for tax periods from January 2018 to January 2019 – AED 6.53 million**

During the year 2020, the FTA assessed that the share of income received from sending agents in relation to inward remittances is subject to the standard rate of tax based on the view that the recipients of the service reside in UAE. Accordingly, FTA had assessed short payment of VAT by the Group and related penalties amounting to AED 9.43 million. In 2021, the FTA reduced its original assessment to AED 6.53 million. The Group is of the view that receipt of such income should be zero rated in accordance with VAT regulations on the basis that the services are provided to the sending agents who are non-resident persons at the time of providing such services and, accordingly, filed an appeal with Federal Court of First Instance.

On 8 February 2022, the Federal Court of First Instance decided the matter in favour of the Group. However, the FTA filed an appeal challenging the decision of the Court. On 1 February 2023, the Federal Court of Appeal upheld the decision of Federal Court of First Instance, against which FTA filed an appeal with the Federal Supreme Court. Further, on 22 November 2023, Federal Supreme Court decided the matter in favour of the Group. Accordingly, refund formalities are underway for the expected recovery of AED 6.53 million from FTA.

**Voluntary disclosures filed for tax periods from February 2019 to October 2020 – AED 5.30 million**

Further, as a result of above-mentioned tax assessment and to avoid further penalties, the Group filed voluntary disclosures in 2021 for tax periods from February 2019 to October 2020 and paid an additional AED 5.30 million (VAT and related penalties). The Group reserves the right to get a refund from FTA if the matter is decided by the Federal Supreme Court in the Group’s favour.

### 10.2 Other receivables

Other receivables include advances to suppliers and landlords. These are primarily related to counterparties in the UAE.

## 11 Lease liabilities

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| Non-current | 44,550 | 23,658 |
| Current | 38,146 | 33,965 |
| | **82,696** | 57,623 |

The movement in lease liabilities during the year:

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| As at 1 January | 57,623 | 44,174 |
| Additions | 84,091 | 69,657 |
| Finance cost on lease liability | 3,945 | 2,306 |
| Payments | (62,963) | (58,514) |
| **As at 31 December** | **82,696** | 57,623 |

The maturity of leased liabilities based on contractual payments is explained in note 30.1.

## 12 Provision for employees' end-of-service benefits

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| As at 1 January | 41,853 | 39,381 |
| Charge for the year | 7,189 | 6,731 |
| Sale of subsidiaries | - | (595) |
| Payments during the year | (3,191) | (3,664) |
| **As at 31 December** | **45,851** | 41,853 |

## 13 Trade and other payables

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| Travel card payables (note 13.1) | 213,044 | 168,916 |
| Payable balances in relation to WPS | 167,667 | 130,122 |
| Remittances payable (note 13.2) | 122,500 | 114,234 |
| Bills payable | 32,373 | 28,136 |
| Accrued expenses | 59,795 | 59,068 |
| Other payables | 146,724 | 144,236 |
| | **742,103** | 644,712 |

**13.1** Travel card payables represent money loads from customers which are placed with Abu Dhabi Islamic Bank and exclusively used for settlements to Visa International upon spending by the customers.

**13.2** Represents pending settlements to beneficiaries for the remittances made by the customers.

## 14 Due to banks, exchange houses and agents

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| ***Due to banks*** | | |
| Balances with local banks | 3,640 | 2,261 |
| Balances with foreign banks | 16,736 | 8,563 |
| **Total amount due to banks** | **20,376** | 10,824 |
| | | |
| ***Due to exchange houses and agents*** | | |
| Balances with local exchange houses and agents | 254 | 190 |
| Balances with foreign exchange houses and agents (note 14.1) | 72,306 | 52,451 |
| **Total amount due to exchange houses and agents** | **72,560** | 52,641 |
| **Total balance due to banks, exchange houses and agents** | **92,936** | 63,465 |

**14.1** Due to exchange houses and agents include AED 16.15 million (2022: AED 12.78 million) payable to Western Union in lieu of remittance funding.

**14.2** Currency wise composition of balances due to banks, exchange houses and agents:

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| Local currency | 20,039 | 39,414 |
| Foreign currency | 72,897 | 24,051 |
| | **92,936** | 63,465 |

## 15 Bank borrowings

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| Term loan facility – secured (note 15.1) | - | 298,750 |
| Bank overdraft – secured (note 15.2) | 325,000 | - |
| Bank overdraft – unsecured (note 15.2) | - | 50,000 |
| | **325,000** | 348,750 |

### 15.1 Term loan facility

On 24 November 2022, the Group arranged a term loan facility of AED 1,000 million, subsequently reduced to AED 500 million on 12 June 2023, from a local commercial bank for a period of three years with an initial drawdown of AED 300 million against the facility on 29 December 2022. The facility can be drawn in multiple tranches whereby each tranche is repaid in full along with the interest within 90 days of utilisation, with an option to rollover the principal amount throughout the term. As on the reporting date, the utilised tranche of term loan facility was repaid in full and not rolled over.

As per the facility agreement, each drawdown should be secured by way of pledge over fixed deposits for a similar amount by the Group or the Parent Company and carries interest at three-month EIBOR plus a fixed margin per annum.

## 15 Bank borrowings (continued)

### 15.2 Bank overdraft – secured and unsecured

The Group has arranged secured bank overdraft facilities with various banks for AED 350 million (2022: nil) and unsecured bank overdraft facilities for AED 350 million (2022: AED 50 million). These facilities are available to meet the working capital requirements of the Group and carry variable interest rates plus fixed margins. These facilities are repayable on demand and the secured bank overdraft facilities are secured by account pledge over the margin deposits placed by the Group or the Parent Company.

As on the reporting date, the Group had un-utilised bank overdraft facilities of AED 375 million (2022: nil).

## 16 Contingencies and commitments

| | **2023**<br>AED'000 | 2022<br>AED'000 |
|---|---|---|
| **Contingent liabilities** | | |
| Guarantees issued by banks in favour of | | |
| Central Bank of the UAE ("CBUAE") | 235,000 | 220,000 |
| Financial institutions and business partners | 11,826 | 11,826 |
| **Total guarantees arranged and issued** (note 16.1) | **246,826** | 231,826 |

**16.1** The Group has arranged guarantees from local commercial banks, drawn in favor of certain correspondent banks and business partners as required under the terms of the respective arrangements.

**16.2** Commitments in respect of capital expenditure incurred as at 31 December 2023 amounts to AED 1.33 million (2022: AED 3.70 million).

**16.3** The Group is subject to litigations and claims in the normal course of its business with customers, suppliers, employees, infrastructure providers, government departments, etc. The Group expects that the outcome of these legal cases will not have a material impact on the Group's financial performance or financial position.

## 17 Share capital

As at 31 December 2023, the authorised issued and fully paid share capital of the Company comprised 7,500,000,000 ordinary shares of AED 0.01 each (2022: 7,500,000,000 ordinary shares of AED 0.01 each).

The share capital is 90% owned by Al Ansari Holding LLC and 10% by the general public.

## 18 Statutory reserve

In accordance with UAE Federal Law No. (32) of 2021 and Articles of Association of the Company, 10% of net profit of the Company is to be allocated every year to statutory reserve. This statutory reserve, as per the Articles of Association, is subject to maximum of 50% of the Company's issued share capital. This reserve is not available for distribution except as stipulated by the law.

During the year, the Company has allocated AED 37.50 million, being 50% of the Company's issued share capital as per the Articles of Association, from current year net profit to the statutory reserve.

## 19 Acquisition reserve

On 1 January 2018, the Company had entered into an equity acquisition arrangement with its shareholders whereby all the shareholders transferred their individual equity interest in the Group entities to the Company.

The fair value of the net assets, acquired at the effective date of control, were treated as acquisition reserve, a reserve distributable to the shareholders, as there was no consideration paid to the shareholders.

## 20 Net commission income

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| **Commission income** | | |
| Commission on remittances | 483,433 | 453,828 |
| Commission on collections | 89,994 | 77,741 |
| Other commissions | 27,511 | 22,442 |
| | **600,938** | 554,011 |
| Commission expense and discount | (10,514) | (6,601) |
| **Net commission income** | **590,424** | 547,410 |

## 21 Salaries and benefits

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| Salaries and wages | 339,114 | 293,813 |
| Staff bonuses and incentives | 28,577 | 32,746 |
| Leave salary and air tickets | 37,155 | 32,852 |
| Employees' end-of-service benefits | 7,189 | 6,617 |
| Other benefits | 38,690 | 40,579 |
| | **450,725** | 406,607 |

## 22 General and administrative expenses

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| Communication | 20,632 | 16,835 |
| Premises utilities, security, and maintenance | 19,481 | 18,180 |
| Marketing and promotions | 17,193 | 15,738 |
| VAT incurred but not recovered | 11,646 | 8,183 |
| IT related expenses | 9,740 | 7,507 |
| Cash transportation | 7,541 | 6,223 |
| License fees | 5,854 | 5,291 |
| Other expenses (note 22.1) | 24,362 | 21,994 |
| | **116,449** | 99,951 |

**22.1** Other expenses include short-term leases of vehicles in the amount of AED 2.92 million (2022: AED 2.44 million) and lease of low value assets in the amount of AED 1.01 million (2022: AED 0.96 million).

## 23 Depreciation and amortisation

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| Depreciation and amortisation on: | | |
| - Right-of-use assets (note 5) | 59,295 | 51,946 |
| - Property and equipment (note 6) | 25,719 | 18,639 |
| | **85,014** | 70,585 |

## 24 Finance cost

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| Finance cost on bank borrowings | 9,382 | - |
| Finance cost on lease liabilities | 3,945 | 2,306 |
| | **13,327** | 2,306 |

## 25 Discontinued operations

On 30 September 2022, the Board resolved to carry out an internal restructuring of the Group whereby the entirety of the shares owned by the Company in Al Ansari Real Estate LLC and Al Ansari Financial Brokerage LLC ("the subsidiaries") were resolved to be sold to Al Ansari Holding LLC, the parent entity incorporated in 2022. These subsidiaries were sold on 24 November 2022 and 30 November 2022, respectively and are reported as discontinued operations. The sale of the subsidiaries was considered as a common control transaction as defined in IFRS 3 "Business Combination".

Financial information and cash flow information presented are for the year 2022:

| | 2022 |
|---|---|
| | AED'000 |
| Net commission income | 5,066 |
| Rental income | 14,974 |
| Interest income | 1,706 |
| Other Income | 1,125 |
| | 22,871 |
| Salaries and benefits | (2,969) |
| General and administrative expenses | (6,807) |
| Depreciation and amortisation | (4,890) |
| Bank and finance charges | (568) |
| **Profit from discontinued operations** | 7,637 |
| | |
| Net cash flows used in operating activities | (10,784) |
| Net cash flows used in investing activities | (2,258) |
| Net cash flows generated from financing activities | 8,760 |
| **Net cash flows used in discontinued operations** | (4,282) |

## 26 Earnings per share - basic and diluted

The basic and diluted earnings per share is calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of shares outstanding during the year, adjusted in the case of diluted earnings by dilutive potential ordinary shares.

| | **2023** | 2022 |
|---|---|---|
| Profit for the year attributable to the shareholders (AED '000) | 495,189 | 594,859 |
| Weighted average number of ordinary shares ('000) | 7,500,000 | 7,500,000 |
| Basic and diluted earnings per share (AED) | **0.0660** | 0.0793 |

## 27 Cash and cash equivalents

| | **2023**<br>AED'000 | 2022<br>AED'000 |
|---|---|---|
| Cash on hand and in transit | 1,137,784 | 1,051,113 |
| Due from banks – gross | 1,583,569 | 1,388,261 |
| Due to banks | (20,376) | (10,824) |
| | **2,700,977** | 2,428,550 |
| Less: Fixed deposits having original maturity longer than three months | (36,730) | (201,925) |
| | **2,664,247** | 2,226,625 |

## 28 Dividend

The Board of Directors has proposed a cash dividend of AED 0.04 per share amounting to AED 300 million at its meeting held on 13 February 2024.

During the year, the Company has paid a cash dividend of AED 0.04 per share amounting to AED 300 million based on the shareholders' approval at the General Meeting held on 1 November 2023 (2022: total dividend of AED 1,403.65 million, of which AED 1,077.85 million was paid in cash and balance of AED 325.80 million was adjusted against the receivable from the Parent Company).

## 29 Reporting Segments

For management purposes, the Group is organised into business units based on relevant business activities and there is one reportable segment for the year 2023 (3 main reportable segments for the year 31 December 2022), as follows:

• **Money Exchange and Remittances:** The Group primarily provides cross-border and domestic remittances, purchase and sale of foreign currencies, processing of salaries, bill collections and sale of prepaid travel cards. The Group provides these services to its customers through a wide branch network, digital channels and smart counters.

• **Lease of real estate properties:** During 2022, the Group owned real estate properties and leased it to individuals and businesses for residential and commercial purposes.

## 29 Reporting Segments (continued)

• **Securities brokerage:** During 2022, the Group provided brokerage services in local securities traded on Dubai Financial Market (DFM) & Abu Dhabi Stock Exchange (ADX).

• **Others (Un-allocated)** include businesses that individually do not meet the criteria of a reportable segment. These segments include operations and support functions.

The Senior Management Committee is the Chief Operating Decision Maker (CODM) and monitors the segment results for the purposes of making decisions in relation to resource allocation and performance assessment.

Information reported to the Senior Management Committee for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segment only. No information that includes the segments' assets and liabilities are reported to the Senior Management Committee.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenue and profit is given. No single customer contributed 10% or more to the Group's revenue.

Geographical concentration of financial assets is explained in note 8.5 and note 30.1.

**For the year ended 31 December 2023**

| | **Money exchange and remittances** | **Lease of real estate properties** | **Securities brokerage** | **Others** | **Segment Total** |
|---|---|---|---|---|---|
| | **AED'000** | **AED'000** | **AED'000** | **AED'000** | **AED'000** |
| **Income** | 1,149,471 | - | - | 13,005 | 1,162,476 |
| **Expenses** | | | | | |
| Salaries and benefits, general, administrative and other expenses | (659,410) | - | - | (7,877) | (667,287) |
| Segment profit for the year | **490,061** | - | - | **5,128** | **495,189** |

For the year ended 31 December 2022

| | Money exchange and remittances | Lease of real estate properties | Securities brokerage | Others | Segment Total |
|---|---|---|---|---|---|
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Income | 1,160,242 | - | - | 10,493 | 1,170,735 |
| Expenses | | | | | |
| Salaries and benefits, general, administrative and other expenses | (578,907) | - | - | (4,170) | (583,077) |
| Segment profit for the year | 581,335 | - | - | 6,323 | 587,658 |
| Profit from discontinued operations | - | 5,656 | 1,981 | - | 7,637 |
| Segment profit for the year | 581,335 | 5,656 | 1,981 | 6,323 | 595,295 |

## 30 Financial risk management

The Group has exposure to the following risks from its use of financial instruments and operations:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, risk management frameworks, policies and processes for measuring and managing risk, and the management of the Group's capital.

### 30.1 Risk management framework

Management sets out the principles for overall financial risk management. Periodic reviews are undertaken to ensure that Group's policy guidelines are complied with. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures risk.

*(a) Credit risk*

Credit risk is the risk that a counter party to a financial asset fails to meet its contractual obligation and causes the Group to incur a financial loss. The Group is exposed to credit risk through its placements with banks, exchange houses and agents, receivable balances from other counterparties and cash in transit. The Group is not involved in extending any credit facility to its customers.

Credit risk is managed by the Group by dealing with reputable counter parties approved after a thorough due diligence by the management of the Group and monitoring exposure with each counterparty and average balances held with banks and intermediaries on a daily basis.

The Group monitors the split of due from banks and exchange houses across the counterparties against their risk profile to ensure that the counterparty credit risk is managed. The Group's funds are placed with various international and local banks of which 64% (2022: 56%) is placed with three local banks in the UAE.

**Maximum exposure to credit risk**

Credit risk exposure is limited to the carrying amount of the Group's financial assets as follows:

| | **2023** | 2022 |
|---|---|---|
| | AED'000 | AED'000 |
| Restricted deposits with banks | 51,259 | 50,356 |
| Cheques on hand (note 8) | 26,175 | 5,780 |
| Cash in transit (note 8) | 12,451 | 21,803 |
| Due from banks | 1,583,569 | 1,388,261 |
| Due from exchange houses and agents | 46,363 | 64,863 |
| Due from related parties | 22 | 217 |
| Other receivables (excluding prepayments) | 108,732 | 86,133 |
| | **1,828,571** | 1,617,413 |

## 30 Financial risk management (continued)

### 30.1 Risk management framework (continued)

The credit quality analysis of total amount in respect of balance due from banks, exchange houses and agents, due from related parties, cash in transit and other receivables is as follows:

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| Financial assets – gross | 1,828,571 | 1,617,413 |
| Less: Provision for expected credit losses (note 8.4) | (6,240) | (6,000) |
| Financial assets – net | **1,822,331** | 1,611,413 |

Due to the nature of the Group's business, ageing analysis is not considered relevant and hence not provided. The geographical distribution of other receivables is as follows:

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| Inside the UAE | 96,679 | 76,735 |
| Outside the UAE | 12,053 | 9,398 |
| | **108,732** | 86,133 |

Geographical distribution of due from banks, exchange houses and cash in transit is provided in note 8.5.

*(b) Market risk*

The Group recognises market risk as the exposure created by potential changes in market prices and rates. The Group is exposed to market risk arising principally from customer driven transactions including foreign exchange positions. The objective of the Group's market risk policies and processes is to obtain the best balance of risk and return while meeting its customers' requirements.

(i) Interest rate risk

The Group is exposed to the risk that changes in interest rates would have an adverse effect on the value of its financial assets and liabilities.

To mitigate this risk, the Group manages its exposure through managing the duration of its interest-bearing portfolio. The substantial portion of the Group's assets and liabilities are repriced within one year.

(ii) Interest rate sensitivity of assets and liabilities

Interest rate risk is also assessed by measuring the impact of reasonable potential change in interest rates. A movement in interest rates of 100 basis points will have the following impact on the net profit for the year and net assets at that date:

| | **Net profit for the year** AED'000 | **Equity** AED'000 |
|---|---|---|
| **2023** | | |
| Fluctuation in yield by 100 bps | ±314 | ±314 |
| **2022** | | |
| Fluctuation in yield by 100 bps | ±822 | ±822 |

**30 Financial risk management** (continued)

**30.1 Risk management framework** (continued)

*(b) Market risk (continued)*

(ii) Interest rate sensitivity of assets and liabilities (continued)

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. They are based on AED 639.32 million of interest-bearing assets (2022: AED 432.20 million) and interest-bearing liabilities of AED 325 million as at 31 December 2023 (2022: 350 million).

The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group manages its currency risk by monitoring its daily foreign currency exposure. As the AED is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The Group has the following significant net exposures denominated in foreign currencies:

| | **Long/(short) 2023** AED'000 | **Long/(short) 2022** AED'000 |
|---|---|---|
| United States Dollar | 948,772 | 1,131,497 |
| Saudi Riyal | 88,030 | 73,524 |
| Philippines Peso | 30,360 | 51,648 |
| Pakistani Rupee | 13,055 | 18,498 |
| Omani Riyal | 30,127 | 31,687 |
| Egyptian Pound | (603) | (7,553) |
| Bangladesh Taka | 1,530 | 3,598 |
| Indian Rupee | (4,345) | 16,992 |
| Others | 40,267 | 80,915 |
| | **1,147,193** | 1,400,806 |

The table below calculates the effect of a reasonable potential movement of the AED currency rate against the various currencies, with all other variables held constant, on the statement of profit or loss and other comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

| **Sensitivity** | ***Saudi Riyal*** | ***Philippines Peso*** | ***Pakistani Rupee*** | ***Omani Riyal*** | ***Egyptian Pound*** | ***Bangladesh Taka*** | ***Indian Rupee*** | ***Others*** | ***Profit impact*** |
|---|---|---|---|---|---|---|---|---|---|
| **Percentage** | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| **2023** | | | | | | | | | |
| **AED'000 ±** | 880 | 304 | 130 | 301 | (6) | 15 | (43) | 403 | **1,984** |
| **2022** | | | | | | | | | |
| **AED'000 ±** | 735 | 516 | 185 | 317 | (75) | 36 | 170 | 809 | 2,693 |

**30 Financial risk management** (continued)

**30.1 Risk management framework** (continued)

*(b) Market risk (continued)*

(iii) Currency risk (continued)

**Foreign currency forwards – overnight**

| | **2023** AED'000 | 2022 AED'000 |
|---|---|---|
| Notional amount (short position) | **200,816** | 227,557 |
| Positive fair value of overnight forwards | **12,053** | 9,398 |

(iv) Price risk

Price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to any significant price risk.

*(c) Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining sufficient balance of cash and cash equivalents to meet the Group's financial obligations. Daily cash flow statements are prepared on the basis of projected purchases and sales of currencies, the maturity profile and interest flows from bank deposits. These are used by the Group to monitor and manage the liquidity structure of its assets and liabilities to ensure that an appropriate balance of cash and cash equivalents is maintained to meet liquidity requirements. Most of the Group's transactions are made on a back-to-back basis and its bank accounts are adequately managed and funded to meet commitments.

Treasury and finance departments work in close coordination to avoid any liquidity issues that can impact the operations of the Group. To avoid any liquidity concerns, the Group has also arranged term loan and bank overdraft facilities with banks (note 14).

The table below summarises the maturity profiles of the Group's undiscounted financial liabilities at 31 December 2023, based on contractual payment dates and current market interest rates.

| | **On demand** AED'000 | **Less than 1 year** AED'000 | **Between 2 to 3 years** AED'000 | **Over 3 years** AED'000 |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Trade and other payables | 742,103 | - | - | - |
| Due to banks | 20,376 | - | - | - |
| Due to exchange houses and agents | 72,560 | - | - | - |
| Due to related parties | 4,163 | - | - | - |
| Bank borrowings | 325,000 | - | - | - |
| Lease liabilities | - | 39,182 | 32,991 | 10,403 |
| **Total** | **1,164,202** | **39,182** | **32,991** | **10,403** |

## 30 Financial risk management (continued)

### 30.1 Risk management framework (continued)

*(c) Liquidity risk (continued)*

| | On demand AED'000 | Less than 1 year AED'000 | Between 2 to 3 years AED'000 | Over 3 years AED'000 |
|---|---|---|---|---|
| 31 December 2022 | | | | |
| Trade and other payables | 644,712 | - | - | - |
| Due to banks | 10,824 | - | - | - |
| Due to exchange houses and agents | 52,641 | - | - | - |
| Due to related parties | 817 | - | - | - |
| Bank borrowings | 50,000 | 300,000 | - | - |
| Lease liabilities | - | 35,499 | 21,385 | 3,082 |
| Total | 758,994 | 335,499 | 21,385 | 3,082 |

*(d) Operational risk management*

Operational risk is the risk of a direct or indirect loss being incurred due to an event or action arising from the failure of technology, processes, infrastructure, personnel and other factors having an operational risk impact.

Management of the Group closely monitors the operations. A formal budgeting process is in place to monitor the performance of the Group.

Monthly branch wise profit or loss is prepared by the finance department for management's review.

IT Disaster recovery procedures, risk and compliance audits and internal audits also form an integral part of the operational risk management process.

### 30.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize its value.

The Group manages its capital structure and adjusts it, in light of changes in the economic conditions and in compliance with regulatory capital requirements. No changes were made to the objectives, policies or processes during the year ended 31 December 2023. As at 31 December 2023, the Group's capital is AED 1,801.42 million (2022: AED 1,606.23 million) and comprises paid up capital, reserves and retained earnings.

## 31 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

## 31 Fair value measurement (continued)

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash in transit, due from banks, due from exchange houses and agents, due from related parties and other receivables. Financial liabilities consist of trade and other payables, due to banks, due to exchange houses and agents, due to related parties, bank borrowings and lease liabilities. Fair value of all financial assets and financial liabilities that are measured at amortized cost approximate their fair value.

*Fair value hierarchy*

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

**Level 2**: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amount of financial assets and financial liabilities approximates their fair values.

Other receivables include forward contracts which are valued based on the difference between the contractual forward rate and the forward rate determined on the reporting date. Forward contracts are considered at level 2 of the fair value hierarchy.

## 32 Corporate tax in UAE

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

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision. The Group expects an effective tax rate in line with the CT base rate of 9%.

The CT Law is considered enacted for reporting purposes and the management has concluded that there is no deferred tax impact on reporting date.

The Group has not identified any material risks or uncertainties in the structure from a corporate perspective and will continuously monitor further developments that could impact the tax profile.