



Yaap Digital FZE

**Fujairah Free Zone
Fujairah, UAE**

**Financial Statements
Year ended 31 December 2022**



Yaap Digital FZE

Financial Statements

Year ended 31 December 2022

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Director's Report Year ended 31 December 2022

I submit my report and the audited financial statements for the year ended 31 December 2022.

Review of business

The Establishment's licensed activity during the year was IT consultancy.

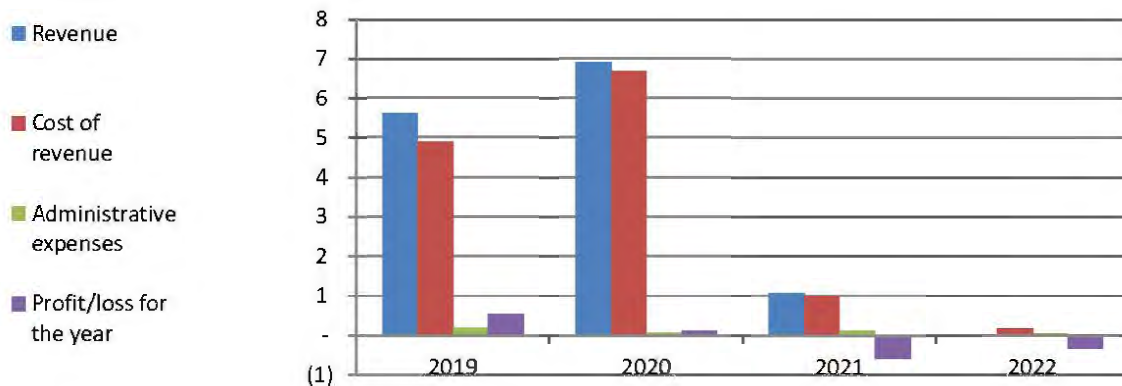
Results

Revenue fell 100% from AED 1,071,046 in the previous year to AED Nil during the current year. The corresponding cost of revenue decreased by 83% from AED 981,086 in the previous year to AED 165,040 during the year. As a result of no revenue, the Establishment incurred a gross loss of AED 165,040 in the current year compared to gross profit of AED 89,960 for the previous year.

Administrative expenses decreased 64% over the previous year to AED 39,403 as a result, the Establishment incurred a net loss of AED 330,150 for the current year compared to a net loss of AED 576,290 for the previous year.

The Establishment's performance for the past four years is as follows: (AED millions)

<u>Indicator</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenue	5.61	6.89	1.07	-
Cost of revenue	4.88	6.68	0.98	0.17
Administrative expenses	0.18	0.07	0.11	0.04
Profit/loss for the year	0.54	0.12	(0.58)	(0.33)



The Establishment's key performance indicators for the reporting periods are as follows:

<u>Performance indicator</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Gross profit ratio	13%	3%	8%	0%
Net profit ratio	9.7%	1.8%	-54%	0%
Return on capital employed	16%	2%	-189%	0%
Current ratio	1.30 : 1	1.16 : 1	2.96 : 1	11.09 : 1
Debt equity ratio	0 : 1	0 : 1	0 : 1	-45.49
Debtors' collection period	91 Days	244 Days	49 Days	NA
Creditors' collection period	173 Days	230 Days	41 Days	96 Days

Appropriations

In view of the loss incurred, no appropriations were made.

Events since the end of the year

There are no significant events since the end of the reporting period.

Shareholder and its interest

As at 31 December 2022 the entire share capital of AED 150,000, comprising of 1,000 shares of AED 150 each, was held by M/s Yaap Digital Private Limited, India.

Management responsibilities

The Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah of the Fujairah Free Zone Authority read with the UAE Federal Law No 2 of 2015 on Commercial Companies, as amended, requires the Director to prepare the financial statements which give a true and fair view of the state of affairs of the Company and of the performance for each financial year.

I confirm that I am responsible for these financial statements, which have been prepared in conformity with the statutory requirements and the International Financial Reporting Standards, including selecting the accounting policies and making the judgments underlying them. I further confirm that I have made available all relevant accounting records and information for compilation of these financial statements and that all transactions have been recorded and are reflected in the financial statements.

Auditors

I propose the reappointment of Prudential Auditing as auditors of the Establishment for the forthcoming year.



Atul Hegde

28 April 2023



Independent Auditor's Report
To the Shareholder of Yaap Digital FZE on the financial statements
for the year ended 31 December 2022

We have audited the accompanying financial statements of Yaap Digital FZE (the Establishment), Fujairah Free Zone, Fujairah, UAE, which comprises the statement of financial position as at 31 December 2022, and the statements of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information contained in notes set out on pages 7 to 31.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yaap Digital FZE for the year ended 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of these financial statements' section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and have fulfilled our other ethical responsibilities. We have planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other matters

The Establishment may be exposed to business risk during the forthcoming year due to impact of COVID-19 on the world economies, however, the quantitative implications of the same on the financial statements cannot be ascertained at the moment.

Emphases of matters

We draw attention to:

- a) Note 2 (a) to the financial statements, which explains why the Establishment has not provided for expected credit loss. This is a contravention of IFRS 9. However, we have not qualified our report so that the auditor of the consolidated financial statements is not required to carry a qualification on an amount that does not significantly affect the financial position of the Establishment or its performance for the reporting period.



Emphases of matters (Continued)

- b) Note 2 (f) to the financial statements that explains the reasons for preparation of these financial statements on a going concern basis.

We draw attention to the fact that the standalone financial statements of the Establishment for the reporting period do not include an impairment test on the investment in Crayons Global FZ-LLC as stated in Note 11 to the financial statements, as the necessary financial data from Crayons Global FZ-LLC was not made available to us. The carrying amount of the investment in Crayons Global FZ-LLC is shown at cost of AED 500,000. The inability to obtain the necessary financial data could affect the carrying value of the investment and could have a material impact on the financial statements of the Establishment.

However, management has provided assurance that, based on their knowledge of the operations of Crayons Global FZ-LLC, there is no impairment in the value of the investment. Therefore, while the inability to obtain the necessary financial data is a limitation on the scope of our audit, we have not qualified our opinion on the financial statements of the Establishment.

- d) Bank balance of AED 77,848 included in 'Cash and cash equivalent' at Note 14 to the financial statements is not independently confirmed by the bank, however this is in agreement with the statement of account issued by the bank and cash balance is not verified by us.

Our opinion is not modified in respect of these matters.

Responsibilities of management and those charged with governance

The Establishment's management is responsible for maintaining books of account as prescribed under the International Accounting Standards (IAS) and for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), applicable provisions of the Memorandum & Articles of Association (MoA) of the Establishment and the Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah of Fujairah Free Zone Authority (FFZA-IR) read with the provisions of the UAE Federal Law No 2 of 2015 on Commercial Companies, as amended (CCL).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Management and those charged with governance are responsible for overseeing the Establishment's financial reporting process.

Auditor's responsibilities for the audit of these financial statements

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



Auditor's responsibilities for the audit of these financial statements (Continued)

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

- a) Identify and assess the risks of material misstatement of the standalone 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.
- b) 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 our opinion on whether the Establishment has adequate internal financial controls with reference to these financial statements in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the MoA of the Establishment, other relevant local laws and the Implementing Regulations of FFZA read with the CCL of UAE, we further report that:

- a) We have obtained all the information and explanations that we considered necessary for the purpose of our audit;
- b) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the FFZA-IR read with the CCL and the MoA;
- c) Proper books of account commensurate to the nature of its business and scale of its operations have been kept by the Establishment;
- d) The financial information contained in the Director's Report, in so far as it relates to these financial statements, is consistent with the books of account of the Establishment;
- e) The Establishment has not purchased any shares during the year ended 31 December 2022;



Report on other legal and regulatory requirements (Continued)

As required by the MoA of the Establishment, other relevant local laws and the Implementing Regulations of FFZA read with the CCL of UAE, we further report that: (Continued)

- f) The Establishment is not a 'licensed financial institution' and the requirements of Article 114 of the Decretal Federal Law No 14 of 2018 do not specifically apply to it;
- g) The Establishment has filed VAT Returns as required by FTA and the information contained in these returns corresponds to the information contained in the books of account;
- h) The Management has declared the UBO (ultimate beneficial owners) of the Establishment to the licensing authority as required;
- i) The provisions of ESR (economic substance regulation) are not applicable to the Establishment and the Management is not required to file the notification for the same;
- j) The Establishment is not required to file AML (anti-money laundering) reports with the MoE (ministry of economy) and does not carry out a relevant activity that requires such a filing;
- k) We did not come across any transactions that indicate that the Establishment may have violated money laundering norms or may have carried out business with a sanctioned entity or country;
- l) The Establishment has generated revenue from youtube channel and influencer management and other related services while it is licensed to provide information technology services; however, we have not qualified our report;
- m) The Establishment has only 1 Shareholder and the condition of holding meetings of the board of directors is not applicable to it;
- n) Note 19 to the financial statements discloses material related party transactions to the extent we had the information to be aware of them and
- o) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Establishment has, during the financial year under audit, contravened any of the applicable provisions of the FFZA–IR read with the CCL and the MoA, which would have had a material effect on the business of the Establishment or on its financial position as at 31 December 2022.

Dhawal G Nandedkar

License No 731

Fujairah, United Arab Emirates

28 April 2023

Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 December 2022

	Note	2022 AED	2021 AED
Revenue	5	-	1,071,046
Cost of revenue	6	(165,040)	(981,086)
Gross (loss)/profit		(165,040)	89,960
Selling expense	7	(104,500)	(15,154)
Administrative expenses	8	(39,403)	(110,197)
Finance cost	9	(19,687)	-
Other expenses	10	(1,520)	(540,899)
Loss for the year		<u>(330,150)</u>	<u>(576,290)</u>

The accompanying notes on pages 11 to 31 form an integral part of these financial statements.
The Independent Auditor's Report is set forth on pages 3 to 6.

Approved by the Director on behalf of and as authorised by the Shareholder and authorised for
issue on 28 April 2023.

For Yaap Digital FZE



Atul Hegde
Director

Statement of Financial Position
As at 31 December 2022

	Note	2022 AED	2021 AED
Non-current assets			
Investment in a subsidiary	11	500,000	-
Non-current financial assets	12	20,000	20,000
		<u>520,000</u>	<u>20,000</u>
Current assets			
Trade and other receivables	13	43,060	180,275
Loan to a related party	19	580,000	-
Cash and cash equivalent	14	77,848	248,949
		<u>700,908</u>	<u>429,224</u>
Total assets		<u><u>1,220,908</u></u>	<u><u>449,224</u></u>
Shareholder's funds			
Share capital	15	150,000	150,000
Statutory reserve	Pg 9	75,000	75,000
Retained earnings	Pg 9	(128,474)	201,676
Equity funds		96,526	426,676
Shareholder's current account	16	(122,550)	(122,550)
		<u>(26,024)</u>	<u>304,126</u>
Non-current liability			
Borrowing	17	1,183,750	-
Current liability			
Trade and other payables	18	63,182	145,098
Total liabilities		<u>1,246,932</u>	<u>145,098</u>
Total Shareholder's funds & liability		<u><u>1,220,908</u></u>	<u><u>449,224</u></u>

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Approved by the Director on behalf of and as authorised by the Shareholder and authorised for issue on 28 April 2023.

For Yaap Digital FZE



Atul Hegde
Director

Statement of Changes in Equity
Year ended 31 December 2022

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
As at 01 January 2021	150,000	75,000	777,966	1,002,966
Loss for the year	-	-	(576,290)	(576,290)
As at 31 December 2021	150,000	75,000	201,676	426,676
Loss for the year	-	-	(330,150)	(330,150)
As at 31 December 2022	150,000	75,000	(128,474)	96,526

The accompanying notes on pages 11 to 31 form an integral part of these financial statements.
The Independent Auditor's Report is set forth on pages 3 to 6.

Statement of Cash Flows
Year ended 31 December 2022

	Note	2022 AED	2021 AED
Cash flows from operating activities			
Loss for the year	Pg 7	(330,150)	(576,290)
Adjustments for:			
Investment written off	10	-	150,000
Due from related party written off	10	-	354,284
Operating loss before changes in operating assets and liabilities		(330,150)	(72,006)
Decrease in trade and other receivables	13	137,215	4,455,527
Decrease in trade and other payables	18	(81,916)	(4,294,565)
Net cash (used in)/generated from operating activities (A)		(274,851)	88,956
Cash flows from investing activities			
Investment in a subsidiary	12	(500,000)	-
Net cash used in an investing activity (B)		(500,000)	-
Cash flows from financing activities			
Increase in borrowing	17	1,183,750	-
Decrease in due to a related party	19	(580,000)	-
Increase in due from a related party		-	(3,673)
Net cash generated from/(used in) financing activities (C)		603,750	(3,673)
Net (decrease)/increase in cash and cash equivalent (A+B+C)		(171,101)	85,283
Cash and cash equivalent at beginning of the year		248,949	163,666
Cash and cash equivalent at end of the year	14	77,848	248,949

The accompanying notes on pages 11 to 31 form an integral part of these financial statements.
The Independent Auditor's Report is set forth on pages 3 to 6.

Notes to the Financial Statements
Year ended 31 December 2022

1 Legal status and business activities

a) Constitution

- Name Yaap Digital FZE (the Establishment)
- Constitution Free Zone Establishment (FZE) – a wholly owned subsidiary of a foreign company
- Registration Commercial License No 3922;
Registration No 17-FZE-1711 dated 05 February 2017
- Registered under Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah of the Fujairah Free Zone Authority
- Registration authority Fujairah Free Zone, Fujairah, UAE

b) Business activities

- Registered address PO Box 50650, Fujairah Free Zone, Fujairah, UAE
- Licensed activity IT consultancy
- Principal activity YouTube channel and influencer management and other related services
- Regulations applicable The rules and regulations of the Fujairah Free Zone
- Management The Establishment is managed by the Director, Mr Atul Hegde

c) Corporate Shareholder

- Name Yaap Digital Private Limited, India (the Holding Company)
- Constitution Private Limited Company
- Registered address 1st Floor, Foboz Tower, Ramchandra Lane, Kanchpada,
Malad West, Mumbai, India – 400 064
- Registration Company CIN No U74900MH2016PTC274104 dated 09 March 2016
- Registered under Registrar of Companies, Mumbai, India

d) Wholly owned subsidiary of the Establishment

- Name Crayons Global FZ-LLC (the Subsidiary)
- Constitution Free Zone Entity (FZE)
- Registration License No 31381 dated 31 January 2005
- Registered under Dubai Development Authority
- Licensed activity Advertising & Communication Agency
- Acquisition 500 shares of AED 1,000 each acquired on 10 October 2022
- Acquisition value At face value

2 Basis of preparation

a) Statement of compliance

- Prepared under These financial statements have been prepared under and comply with:
 - The 'historical cost convention' in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRSIC) as issued or adopted by the International Accounting Standards Board (IASB),
 - The IAS (International Accounting Standards) and
 - The requirements of Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah of the Fujairah Free Zone
- Exception to 'historical cost convention' Those financial and non-financial assets that are measured at fair values at the reporting date, as explained at Note 2 (h)

Notes to the Financial Statements
Year ended 31 December 2022

2 Basis of preparation (Continued)

a) Statement of compliance (Continued)

- Exception to compliance with IAS An incidental departure from the IAS, if any, is unintentional and does not materially affect the financial position of the Establishment or the performance for the reporting period
- Departure from IFRS {Note 13 (a) (ii)} The Establishment has not accounted for expected credit loss on their receivables under IFRS 9, as the group entity - with whom these financials are consolidated - does not provide for ECL and uses Indian accounting standards for reporting instead of IFRS
- Exception to IFRS Contrary to the provision of IFRS 10 – Consolidated Financial Statements – the financial statements of the Subsidiary have not been consolidated with those of the Establishment as the ultimate Parent Company will consolidate the financial statements

b) Specific compliance

Management confirms that the Establishment has complied with all local regulations and has not wilfully contravened any regulations applicable to it including, but not limited to, the following:

- CCL - The Establishment has complied with the requirements of the UAE Federal Law No 2 of 2015 on Commercial Companies, as amended
- FFZA–IR - The Establishment has adhered to the Implementing Regulations No 1 of 2004 pursuant to Emiri Decree 6 of 1987 of HH the Ruler of Fujairah
- Licensed activity - The Establishment is a YouTube channel influencer and renders other related services which, although not the exact wording of the license, is a permitted activity for the Establishment for all practical purposes
- ESR - The Establishment is not required to file the Economic Substance Regulation Report as required by the Authority
- UBO - The Establishment has declared the Ultimate Beneficial Owner as required by the Federal Tax Authority
- AML/CFT - The Establishment has not violated any regulations of the regulations on Anti-Money Laundering and Counter-terrorism Financing
- VAT - The Establishment has filed VAT returns on time and declared the appropriate information and has not defaulted on its financial obligations

c) Presentation currency

- UAE Dirham (AED) rounded off to the nearest unit as this is the functional and domicile currency of the Establishment
- Transactions carried out in US Dollars are recorded at a fixed exchange rate of AED 3.67 per USD

d) Accounting period

- The financial year-end of 31 December is followed on a consistent basis
- This is consistent with the Memorandum of Association (MoA)

e) Accrual basis of accounting

- The financial statements, except for the statement of cash flows, are prepared using the accrual basis of accounting
- As a result, all items of assets, liabilities, equity, income and expenses are recognised as they arise
- Considering their immateriality, some of the administrative expenses are treated as period costs and written off when incurred without carrying them over to the next reporting period

Notes to the Financial Statements
Year ended 31 December 2022

2 Basis of preparation (Continued)

- f) **Going concern basis of accounting**
- The Establishment will be able to meet its payment obligations as and when they fall due for payment;
 - The financial support of the Shareholder would be available on a continuing basis;
 - However, the current liabilities exceeded the current liabilities, the Shareholder has conveyed its intention to continue with the business activities and has confirmed its continued financial support to the Establishment to enable it to meet its payment obligations as and when
 - Accordingly, these financial statements have been prepared on a going concern basis.
- g) **Use of significant judgements, estimates and assumptions**
- Underlying concept Judgements, estimates and assumptions are made by the Management.
 - Basis
 - The historical experience and
 - Reasonable expectations of future events.
 - Affecting
 - The application of accounting policies;
 - The reported amounts of assets and liabilities, income and expenses and
 - Disclosure of contingencies and commitments.
 - Application relates to
 - Lives of items of property and equipment, their residual values and impairment in their values;
 - Investment properties, investments and provision for impairment in their values;
 - Provision for doubtful trade and contracts receivables, advances and write-down of inventories;
 - Provisions for warranties, staff end-of-service gratuity, provision for contingencies or certain uncertainties and
 - Future contract costs expected to be incurred to complete the projects.
- h) **Impairment of assets**
- i) **Financial assets**
- Composition
 - Non-current financial assets
 - Current financial assets
 - Trade receivables
 - Cash and cash equivalent
 - Stated at Cost less impairment, if any
 - Assessment of impairment Assessed to identify any evidence of impairment on the basis of:
 - Default or delinquency by a debtor,
 - The perceived creditworthiness of the debtor,
 - The age of the debts and its serviceing, if any, and
 - Management's experience in dealing with him and other similar debts.
- ii) **Non-financial assets**
- Stated at Cost less impairment, if any
 - Assessment
 - Reviewed to determine any indication of impairment
 - In the event of impairment
 - The asset is reported at the assets' recoverable amount as estimated and
 - Impairment loss (excess of carrying amount over recoverable amount) recognised in statement of profit or loss and other comprehensive income.

Notes to the Financial Statements
Year ended 31 December 2022

2 Basis of preparation (Continued)

i) New and amended standards

- Composition
 - Standards and amendments that are effective for the first time from the current year, i.e., 01 January 2022
 - Standards and interpretations that have become effective but are not yet mandatory
- Justification for applying / selectively adopting standards that are not mandatory
 - They presently have no material impact on the Establishment's financial statements and
 - The Establishment intends to adopt these new standards, if applicable, when they become effective.

i) Amendments effective for current year – Applicable to the Establishment

- IFRS 2018 – 2020 Cycle
 - Various amendments, already appropriately applied
- IAS 16
 - Property and equipment: Proceeds before intended use

ii) Amendments effective for current year – Not applicable to the Establishment

- IFRS 3
 - Reference to the conceptual framework
- IFRS 16
 - COVID-19 - Related rent concession beyond 30 June 2021
- IAS 37
 - Onerous contracts - Cost of fulfilling a contract

iii) Forthcoming requirements that are not yet effective and have not been early adopted by the Establishment

- IFRS 17
 - Insurance Contracts
- IAS 1
 - Classification of liabilities as current or Non-current
- IAS 1 and IFRS Practice
 - Disclosure of accounting policies
- IAS 8
 - Definition of accounting estimates
- IFRS 10 & IAS 28
 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

j) Changes in accounting policy

There have been no intentional changes in accounting policies that would materially affect the financial position of the Establishment or its performance for the reporting period.

The change in reporting that would have been necessary for expected credit loss has not been implemented for reasons as stated at Note 2 (a).

3 Summary of significant accounting policies adopted and consistently applied

a) Revenue recognition

(Note 5)

- Composition
 - The Establishment derives revenue from rendering:
 - YouTube channel management
 - Influencer management
 - Media services
- Stated at
 - Invoiced value of services rendered net of discounts, recognised when performance obligation and other relevant conditions are satisfied, as
- Recognised when
 - Revenue is recognised at a point in time at which the performance obligation is satisfied or one of the following conditions are satisfied:

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

a) Revenue recognition (Continued) (Note 5)

- Recognised when (Continued)
 - The client simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs
 - The Establishment's performance creates or enhances an asset that the client controls as such asset is created or enhanced
 - The Establishment's performance does not create an asset with an alternative use to the Establishment and it has an enforceable right to payment for performance completed to date
- Other conditions
 - Services may be rendered by the suppliers directly to the clients;
 - Such services rendered by the Establishment are not considered at gross value. Only the difference between the revenue and cost is actually realised by the Establishment as commission, although the invoicing is done by the Establishment for the full amount.
 - In respect of contracts where advance is received, revenue is accounted on period basis and the portion relating to future periods is treated as 'Deferred income', which is classified under 'Trade and other payables'.
 - If contract outcome cannot be measured reliably, revenue is recognised to the extent that the expenses incurred are eligible to be recovered.
- Currency risk

Invoices are raised on clients in UAE Dirhams. As a result, the Establishment is not exposed to any fluctuation of currency risk.

b) Other income

- Composition
 - Interest income
 - Foreign exchange gain (net)
- Classification for interest income
 - In the net fair value gains/(losses) on these assets: for interest income from financial assets at fair value and routed through profit or loss
 - Other income: interest income on financial assets at amortised cost and financial assets at fair value, routed through other comprehensive income and calculated using the effective interest method
 - Finance income in the statement of profit or loss and other comprehensive income: interest income earned from financial assets held for cash management purposes
 - Other income: interest income from any other source
- Recognition
 - Interest income is accrued taking into account the effective yield on the asset and comprises interest on funds invested
 - See 'incidence' at Note 3 (e)

c) Cost of revenue (Note 6)

- Composition
 - Professional expenses
 - Media expenses
 - Other costs that are directly identifiable with the costs of services provided, products sold or revenue generated and
- Currency risk

All the purchases are in UAE Dirhams or US Dollars. As a result, the Establishment is not exposed to any fluctuation of currency risk.

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

d) Borrowing costs (Note 9)

- Composition Costs incurred on funds obtained from banks, financial institutions or related parties
- Revenue recognition Accrued and expensed out on period basis
- Capitalisation Added to the cost of the assets concerned to the extent directly attributable to the acquisition / construction / production of the qualifying assets that necessarily take a substantial period of time beyond a reporting period to get ready for their intended use or sale
- Exception The Establishment has not availed loan or borrowed funds to satisfy its short term or long term capital requirements during the reporting period

e) Foreign currency transactions and balances (Note 10)

- Incidence - The Establishment generates revenue and incurs costs predominantly in the UAE Dirham or the US Dollar, which is pegged to the UAE Dirham
- Recognition - Transactions in foreign currencies are translated into the UAE Dirham at the rate of exchange ruling on the dates of the transactions, or valuation where items are re-measured
- Monetary assets and liabilities expressed in foreign currencies are translated into the UAE Dirham at the rate of exchange ruling at the end of the reporting period
- Non-monetary items that are measured at historical cost in another foreign currency are not translated – these are measured at a fair value in that foreign currency and translated into the reporting currency at the exchange rate when the fair value was determined
- Classification Gains or losses resulting from settlement of transactions in another foreign currency and from the translation at the year-end exchange rates of monetary assets and liabilities are recognised in the profit or loss on net basis as either foreign exchange gains or losses and included in other income or other expenses respectively
- Exception The exchange rate considered during accounting and that offered by the bank frequently differ, as a result of which, an unintended exchange loss is incurred or gain is earned – this is an incidental exposure to exchange risk
- Consolidation The Establishment does not have foreign operations

f) Leases

- Applicable to
 - i) Operating lease where Establishment is a lessee
 - ii) Finance lease where Establishment is a lessee
 - iii) The Establishment as an intermediate lessor
 - iv) Operating or finance lease where Establishment is a lessor
- The policy is described below

i) Operating lease where Establishment is a lessee

Where the only lease rent is in respect of premises and the lease is renewable yearly

- Composition Short-term operating leases for the office premises
- Revenue recognition Charged to the statement of profit or loss and other comprehensive income on a straight-line basis
- Classification Included under 'Administrative expenses'

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

f) Leases (Continued)

i) Operating lease where Establishment is a lessee (Continued)

Right-of-use assets

- Recognition Recognised at the commencement date of the lease – the date the underlying asset is available for use
- Stated at
 - Measured at cost*, less accumulated depreciation~ and impairment^
 - Adjusted for remeasurement of lease liabilities
- Classification Recognised as property and equipment in statement of financial position
- Cost*
 - Amount of lease liabilities recognised
 - Initial direct costs incurred
 - Lease payments made at or before the commencement date
 - Deduction or adjustment for lease incentives received
- Depreciation~
 - Depreciated if the Establishment is not reasonably certain to obtain ownership of the leased asset at the end of the leased term
 - On a straight-line basis over the shorter of its estimated useful life and the lease-term
- Impairment^ Losses recognised as applicable to the asset

Lease liabilities

- Recognition Recognised at the commencement date of the lease
- Stated at Measured at the present value of lease payments* to be made over the lease term
- Present value of lease payments* Calculated by using the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable
- Lease liabilities after commencement date
 - Increased to reflect the accretion of interest
 - Reduced for the lease payments made

Short-term leases – where the new leases note is not applicable

- Recognition Payments made under short-term operating lease towards office premises
- Classification Charged to the statement of profit or loss and other comprehensive income on a straight-line basis and included under 'Administrative expenses'

ii) Finance lease where Establishment is a lessee

Net investments in leases

- Recognition Leases in which the Establishment transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees
- Stated at
 - Recognised at an amount equal to the present value of the minimum lease payments under the lease agreement
 - Including guaranteed residual value and unamortised initial direct cost
- Classification
 - Included in the financial statements as 'Net investments in leases'
 - Amount recognised as a receivable
- Recognition In accordance with the finance lease method in accounting for recognition of finance lease

Interest income on net investments in leases

- Stated at
 - The total unearned interest income* is deferred
 - This is amortised over the term of the lease, to produce a systematic return on net investments in lease

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

f) Leases (Continued)

ii) Finance lease where Establishment is a lessee (Continued)

Interest income on net investments in leases (Continued)

- Total unearned interest income* - The excess of aggregate installment contract receivable
- Plus residual value over the cost of the leased asset

iii) The Establishment as an intermediate lessor

- Recognition
 - Where an underlying asset is released by the Establishment ('intermediate lessor') to a third party
 - And the lease ('head lease') between the head lessor and Group remains in effect
- Classification of the sublease as finance lease or operating lease
 - As an operating lease when: The head lease is a short-term lease that the entity, as a lessee, has accounted for by recognising the lease payments as an expense on a straight-line basis over the term of the lease
 - Otherwise: by reference to the right-of-use asset arising from the head lease, rather than by reference to the economic useful life of the underlying asset (such as the item of property and equipment that is the subject of the lease)

iv) Operating or finance lease where Establishment is a lessor

- Exception
 - There is no impact on lease accounting arising from IFRS 16 on the lessor
- Classification
 - Rental income from operating leases where the Establishment is a lessor: Recognised as an income on a straight-line basis over the lease term (applicable to investment properties)
 - Initial direct costs incurred in obtaining an operating lease: Added to the carrying of the underlying asset and recognised as expense over the lease term on the same basis as the rent income

g) Property and equipment

Recognition and measurement

- Stated at
 - Cost less accumulated depreciation and impairment losses
- Composition
 - The Establishment had created no property and equipment as of the date of these financial statements
- Subsequent expenditure
 - All the repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income of the period in which they are incurred.
 - Capitalised only if:
 - it is probable that the future economic benefits associated with the expenditure will flow to the Establishment and
 - the cost of the item can be measured reliably.
- Disposal
 - Gains or losses on disposal are determined by reference to their carrying amount and are included in the statement of profit or loss and other comprehensive income

Depreciation and impairment

- Basis
 - The cost or valuation, less estimated residual value, is depreciated using the straight-line method from the date of acquisition to the estimated useful lives of the assets

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

g) Property and equipment (Continued)

Depreciation and impairment (Continued)

- Exclusions
 - Freehold land is not depreciated – it is expected to have an indefinite useful life, with the exception of leased land
 - Capital work-in-progress is not depreciated – depreciation commences from the date the asset is available for use and transferred to the respective asset category
- Impairment
 - At the end of each reporting period Management assesses the property and equipment to determine whether there are any indications that they may be impaired.
 - In the absence of such indications, no further action is taken.
 - If such indications exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.
- Residual value
 - Assessed at end of each reporting period and, where material, if there is a change in estimate, appropriately adjusted with depreciation.

Revaluation

- Freehold land and buildings
 - In the opinion of Management, where reliable estimates of market value are available, stating the Establishment's freehold and leasehold land and buildings at valuation provides a more meaningful reflection of the decisions to acquire such properties and of the Establishment's asset position at the end of reporting period.
 - The Establishment does not own any land and building at present and this policy will be implemented when these are acquired.
- Other assets
 - Where revaluation causes a change in the carrying amount of an asset:
 - Increase: credited to other comprehensive income and shown as revaluation reserve in the statement of changes in equity
 - Decrease: accounted as loss in the statement of profit or loss and other comprehensive income
 - Increase: to the extent it reverses the previous decrease of the same asset which was previously recognised as loss under the statement of profit or loss and other comprehensive income, is recognised as a gain in the statement of profit or loss and other comprehensive income.
 - Decrease: to the extent it reverses the previous increase of the same asset, is charged in other comprehensive income and directly debited to revaluation reserve in the statement of changes in equity.
- Revaluation reserve
 - An amount equal to the additional depreciation charge each year arising as a result of the revaluation is transferred from revaluation reserve to retained earnings
 - The revaluation reserve is not available for distribution
 - On disposal of a revalued asset, the remaining related revaluation reserve, if any, is transferred to retained earnings
- Fair value
 - Assessed as an estimate of residual values at each end of the reporting period in the absence of market value

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

g) Property and equipment (Continued)

Revaluation (Continued)

- Fair value (Continued) - Taken into account in the event of an identifiable material difference between cost less depreciation and such fair value assessed

h) Intangible asset

- Classification and stated at - Intangible assets with finite useful lives that are acquired separately are stated at cost less accumulated amortisation and impairment losses
- Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses
- Amortisation Cost is amortised over its estimated useful life on a straight-line basis
- Composition The Establishment has not created or acquired any intangible asset

i) Investment in subsidiary

(Note 11)

- Composition A Subsidiary is an entity controlled by the Parent Company
 - Classification basis - When it is exposed or has rights to variable returns from its involvement with the entity and
 - It has the ability to affect its returns through its power over the entity
 - Stated at - Stated at lower of its carrying amount and fair value less costs to sell
 - Composition
- | Entity | Shareholding % |
|-----------------------|-----------------------|
| Crayons Global FZ-LLC | 100% |

j) Trade receivables

(Note 13)

- Stated / carried at Invoiced amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts at the end of the reporting period
- Composition Amounts due from the clients for goods sold or services performed in the ordinary course of business
- Composition basis - Current asset: if collection is expected in one year or less
- Non-current asset: in all other cases, carried at the invoiced amounts less an estimate of provision for doubtful receivables based on a review of all outstanding amounts at the year-end
- Doubtful debts: if the Management considers the trade receivable 'less' than fully recoverable, an appropriate provision for doubtful debt as required at the end of the reporting period is created
- Bad debts: written off when identified
- Impairment An ageing analysis of trade receivables is carried out at the end of each reporting period to determine the impairment to their carrying values
- Credit policy - The clients are extended credit period of up to 90 days
- On the basis of assessment of their creditworthiness
- Judged by their conduct in the past, Management's trade experience, their reputation of financial standing, market information and the market in which they operate
- Credit monitoring The Management regularly monitors the outstanding amounts and follows up for recovery with periodic calls and occasional visits to the clients

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

n) Statutory reserve (Page 9)

- Basis of calculation
 - Minimum appropriation of 10% of the profits of the Establishment till the reserve equals 50% of the paid-up share capital
 - Additional voluntary contribution as decided by Management
 - As required by Article 239 of the UAE Commercial Companies Law No 2 of 2015, as amended
- Nature Not available for distribution

o) Borrowing (Note 17)

- Classification Current liabilities unless the Establishment has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period
- Stated at
 - Initially: recognised at fair value, net of transaction costs incurred
 - Subsequently: measured at amortised cost using the effective interest method*
- Effective interest method* A method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period
- Effective interest rate The rate that exactly discounts estimated future cash payments through the expected life of the financial liability
- Inclusion of initial financing cost
 - Fees paid on the establishment of the borrowing facilities are recognised as transaction costs to the extent the facility will be drawn down.
 - Deferred fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates, until the draw down occurs and to the extent there is no evidence to the contrary
- Renegotiation Where the terms of a financial liability are renegotiated, a gain or loss is recognised in the statement of profit or loss and other comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the financial liability agreed.
- Repayment
 - Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.
 - The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income as other income or finance costs, as applicable.
 - Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method

p) Staff end-of-service gratuity

- Stated at Amount payable to the staff at the end of the reporting period
- Basis of provision In accordance with the local labour laws
- Basis of calculation 21 days' of basic salary for each year or part thereof
- Critical assumptions
 - That all employees were to leave at the reporting date
 - That all employees will continue under employment till their benefits mature under the going concern assumption

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

p) Staff end-of-service gratuity (Continued)

- Critical assumptions (Continued) - That the difference in liability calculated on an actuarial basis on account of offsetting effect of inflation and discount rates is insignificant
- Exception The Establishment had no employees during the reporting period

q) Trade payables, provisions and accruals (Note 18)

- Composition - Liabilities for goods and services provided to the Establishment prior to the end of the reporting period
- Amounts to be paid in future for goods sold and services rendered to the Establishment, whether or not billed to the Establishment
- Provisions based on a reliable estimate of the probable outflow of resources embodying economic benefits that will be required to settle a present legal or constructive obligation as a result of past events
- Incidence Recognised when a reliable estimate of the amount of the obligation can be made
- Classification Presented as current liabilities unless payment is not due within twelve months after the reporting date
- Stated at - Initially: recognised at fair value
- Subsequently: measured at amortised cost using the effective interest method {explained at Note 3 (o)}
- Settlement The amounts are unsecured and usually paid within 30 to 60 days of recognition, subject to exceptions
- Post sales, client support and warranties The estimated claims to repair or replace products still under warranty at the end of the reporting period are recognised based on the historical knowledge of the level of repairs and replacements and debited to 'Warranty claims' account

r) Related parties (Note 19)

- Composition Entities that fall within the definition of a related party as contained in International Accounting Standard 24, with whom the Establishment enters into transactions
- Assumptions - Management considers such transactions to be in the normal course of business and essential for achieving its objectives
- Expenses that would have been incurred by any other employee, if incurred by a related party, are not classified (and reported) separately
- Comprises of - Shareholder
- Companies under common ownership and management control

s) Contingencies

- Presentation Not recognised in the financial statements
- Disclosure - Contingent liabilities: Disclosed unless the possibility of an outflow of resources embodying economic benefits is remote
- Contingent assets: Disclosed when an inflow of economic benefits is probable

Notes to the Financial Statements
Year ended 31 December 2022

3 Summary of significant accounting policies adopted and consistently applied (Continued)

t) Statement of Cash Flows (Page 10)

- Presentation Prepared for presenting the segregation of cash flows from operating, investing and financing activities based on the nature of items
- Reporting Reporting uses the indirect method, whereby profit/(loss) is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future of cash receipts & payments and for items of income & expenses which are reflected in investing or financial activities

u) Non-derivative financial assets and liabilities (Note 4)

i) Non-derivative financial assets

Financial assets at amortised cost

- Classification Financial assets that have fixed or determinable payments and for which there is no active market
- Stated at
 - Initial recognition: at fair value plus any directly attributable transactions costs
 - Subsequent to initial recognition: measured at amortised cost using the effective interest method {explained at Note 3 (o)}
- Composition
 - Current and non-current loans and advances
 - Trade and other receivables (including retentions receivable)
 - Related party receivables
 - Bank balances (including fixed, margin and call deposits with banks and financial institutions) and cash
 - Debit balance in Shareholder's current account

Financial assets at fair value through other comprehensive income (financial assets at FVOCI)

- Classification Investments in equity shares or debt securities which are not classified as held-for-trading
- Exception The Establishment does not hold financial assets at FVOCI

ii) Non-derivative financial liabilities

- Composition
 - Bank borrowings / Borrowings from banks
 - Trade and other payables (including retentions payable)
 - Related party payables
 - Credit balance in Shareholder's current account and loans

iii) Derecognition of financial assets and liabilities

- Financial assets
 - When its contractual rights to cash flows from the assets cease and
 - Any interest in such derecognised financial assets that is created or retained by the Establishment is recognised as a separate asset
- Financial liabilities When its contractual obligations are discharged or cancelled or expire

iv) Offsetting of financial assets and liabilities

- Incidence Financial assets and financial liabilities are offset when, and only when:
 - The Establishment has a legal right to offset the amounts and
 - The Establishment intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously
- Stated at The net amount is presented in the statement of financial position

Notes to the Financial Statements
Year ended 31 December 2022

4 Risk management

The Establishment's activities expose to a variety of financial risks such as credit risk, currency risk, interest rate risk, market prices risk and liquidity risks as follows:

- | | |
|----------------------|--|
| - Credit risk | - The risk of financial loss to the Establishment if a clients or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Establishment's clients and banks |
| Explained in | <ul style="list-style-type: none"> - Revenue {Notes 5 (b) & 3 (a)} - Non-current financial assets {Note 12 (a)} - Trade and other receivables {Notes 13 (a) to (iii) & 3 (j)} - Cash and cash equivalent {Notes 14 (a) & 3 (l)} |
| - Currency risk | <ul style="list-style-type: none"> - The risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates {Note 3 (e)} - The Establishment Management is conscious with its positions by currency |
| Explained in | <ul style="list-style-type: none"> - Revenue {Notes 5 (c) & 3 (a)} - Cost of revenue {Notes 6 (a) & 3 (c)} - Trade and other receivables {Note 13 (b)} - Cash and cash equivalent {Note 14 (')} <ul style="list-style-type: none"> - Trade and other payables {Note 18 (a)} |
| - Market prices risk | <ul style="list-style-type: none"> - The risks arising from changes in market prices, such as foreign exchange rates, interest rates and equity prices which would affect the Establishment's income or the value of its holdings of financial instruments - The Management strives to manage market risk exposures within acceptable parameters, while optimising the return - If necessary, funds are arranged from the Shareholder or related parties to ensure that the payment obligations are met on time |
| Explained in | - Revenue {Notes 5 (d)} |
| - Liquidity risk | <ul style="list-style-type: none"> - The risk where the Establishment may encounter difficulty in meeting its financial liabilities that are either settled in cash or exchanged with another financial asset {Note 3 (u)} - For the purpose of effective management of the working capital, the Establishment strives to strike a balance between the credit period allowed by its suppliers with that allowed to its clients |
| Explained in | <ul style="list-style-type: none"> - Non-current financial assets {Note 12 (b)} - Trade and other receivables {Notes 13 (a) & 3 (j)} |
| Maturity dates | The details of maturity dates of the Establishment's financial liabilities are not presented as they do not significantly affect its financial position at the end of the reporting period or its performance for the period. |
| - Interest rate risk | <ul style="list-style-type: none"> - The possibility that the value of an investment will decline as the result of an unexpected change in interest rates - The Establishment does not avail credit facilities and does not maintain interest bearing deposits with banks and is not exposed to interest rate fluctuation risk |
| - Other risks | The other significant risks to which the business would be exposed |
| Explained in | The notes on the relevant account balances, if such risks exist |

Notes to the Financial Statements
Year ended 31 December 2022

		2022	2021
		AED	AED
5 Revenue			
YouTube channel management		-	37,992
Influencer management		-	855,334
Gaming and branding		-	177,720
		<u>-</u>	<u>1,071,046</u>
a) Key reasons for fall in revenue			
- Value		-100%	-84%
- Penetration	Number of overall clients	-	6
b) Credit risk – concentration			
- Composition	Exposure to risk of concentration of revenue in few clients:		
- Exposure	- By value	-	838,334
	- By proportion	0%	78%
	- By number of clients	-	2
- Concentration	The Establishment is exposed to concentration of revenue risk		
- Mitigation of risk	- The management has been trying to develop new clients		
	- However, it may affect performance significantly		
c) Currency risk			
- Composition	Exposure to fluctuation of currency risk with respect to revenue generated		
- Invoicing currency	UAE Dirhams		
- Exposure	No significant exposure		
- Mitigation of risk	Not required		
d) Geo-political risk			
	The clients are spread across several countries. The Establishment is exposed to risk of political disturbances for clients based in different geographical regions, however, due to the global nature of the trade, this does not constitute a risk of fluctuation of revenue on account of geopolitical		
e) Refer Note 3 (a) for a summary of the accounting policy adopted and consistently applied.			
6 Cost of revenue			
Professional expenses (b)		21,000	855,494
Travelling expenses (c)		1,137	592
Media expenses		142,903	125,000
		<u>165,040</u>	<u>981,086</u>
a) Currency risk			
	All the costs are in UAE Dirhams or US Dollars, which is pegged to the UAE Dirham. As a result, the Establishment is not exposed to any fluctuation of currency risk.		
b) Professional expenses incurred with related parties {Note 19 (b)}		<u>-</u>	<u>32,439</u>
c) Travelling expenses are for the travel and stay of the media influencers.			
d) Refer Note 3 (c) for a summary of the accounting policy adopted and consistently applied.			

Notes to the Financial Statements
Year ended 31 December 2022

	2022	2021
	AED	AED
7 Selling expense		
Business promotion	<u>104,500</u>	<u>15,154</u>
8 Administrative expenses		
Office rent	-	20,960
License fee	18,555	5,000
Free-lancer services	4,373	30,750
Professional fee	-	6,000
Communication cost	3,060	924
Bank charges	10,500	33,658
Other expenses	<u>2,915</u>	<u>12,905</u>
	<u>39,403</u>	<u>110,197</u>

Expenses that are incurred for the Management, that would be otherwise incurred by an employee of the Establishment, are not treated as related party expenses, unless specifically incurred for their

9 Finance cost		
Interest on loan	<u>19,687</u>	<u>-</u>

- a) Interest is charged @4% p.a. on the loan from a related party. (Note 17)
- b) Refer Note 3 (d) for a summary of the accounting policy adopted and consistently applied.

10 Other expenses		
Exchange loss	1,520	36,615
Investment written off (a)	-	150,000
Receivable from a related party written off (Note 19)	-	354,284
	<u>1,520</u>	<u>540,899</u>

- a) On 28 November 2021 the Company was liquidated as a result of which, the investment in the subsidiary company has been written off.
- b) Refer Note 3 (e) for a summary of the accounting policy adopted and consistently applied.

11 Investment in a subsidiary		
500 shares of AED 1,000 each	<u>500,000</u>	<u>-</u>

- a) On 10th October 2022, the Company acquired the entire share capital of M/s Crayons Global FZ-LLC from Trisha Holdings Limited (Note 19).
- b) The investment is recorded at cost as the management believes the carrying value of the investment at the end of the year is equivalent to the cost of investment and there is no impairment.
- c) Refer Note 3 (i) for a summary of the accounting policy adopted and consistently applied.

Notes to the Financial Statements
Year ended 31 December 2022

	2022	2021
	AED	AED
12 Non-current financial assets		
Utility deposit (a) (i)	10,000	10,000
Passport deposit (a) (ii)	10,000	10,000
	<u>20,000</u>	<u>20,000</u>

a) Credit risk – exposure

- i) This represents a refundable security deposit kept with Fujairah Free Zone, that is expected to be retained throughout the validity of the trade license of the Establishment.
- ii) This deposit can be released on submission of passport, however, the Director intends to retain his passport for a duration exceeding 12 months from the end of the reporting period.

b) Realisability

These are maintained with the Fujairah Free Zone Authority and is expected to be retained throughout the lifetime of the Establishment.

13 Trade and other receivables

Trade receivables (a) – (c)	4,500	144,720
Prepaid expenses (d)	20,660	18,555
VAT receivable	900	-
Other receivable	17,000	17,000
	<u>43,060</u>	<u>180,275</u>

a) Credit risk

i) Impairment

- Composition	Ageing analysis of trade receivables as at the end of the reporting period	
- Exposure	Neither past due nor impaired	
	Less than 3 months	140,220
	Past due but not considered impaired	
	3 months to 1 year	4,500
	1 year and above	-
	<u>4,500</u>	<u>-</u>
	Receivables at the end of the year	<u>144,720</u>

ii) Expected credit loss

The Establishment has not accounted for expected credit loss on their receivables under IFRS 9, as the group entity - with whom these financials are consolidated - does not provide for ECL and uses Indian accounting standards for reporting instead of IFRS. {Note 2 (a)}

The Management is of the opinion that the trade receivables outstanding beyond the normal credit period continue to be entirely receivable and no provision for doubtful debts or impairment in their values is required for the reporting period.

iii) Exposure to risk of concentration of credit

- Composition Assessment of the risk to the continuity of the working capital cycle and liquidity of the Establishment from default of a few large trade receivables

Notes to the Financial Statements
Year ended 31 December 2022

		2022 AED	2021 AED
13 Trade and other receivables (Continued)			
a) Credit risk (Continued)			
- Exposure	- Value of trade receivables	4,500	140,220
	- Proportion to total trade receivables	100%	97%
	- Number of clients	1	1
- Mitigation	The risk of concentration of revenue and concentration of receivables is proportionate to each other and is the nature of the trade		
b) Currency risk	The clients are invoiced in US Dollars. As such, the Establishment is not exposed to currency risk with respect to the trade receivables.		
c) Geo-political risk			
- Composition	Exposure to risk of realisability of receivable amounts from presence in different political environments		
- Exposure	Singapore	-	140,220
	India	4,500	4,500
		<u>4,500</u>	<u>144,720</u>
- Mitigation of risk	- This is a regular feature of the industry in which the Establishment operates - This risk cannot be mitigated - Though it may affect short term liquidity, the impact will be insignificant		
d) Prepaid expenses represent the amounts that have already been incurred but not fully consumed.			
e) Refer Notes 3 (j) & (q) for a summary of the accounting policy adopted and consistently applied.			
14 Cash and cash equivalent			
Balance in a current account with a bank		<u>77,848</u>	<u>248,949</u>
a) Credit risk			
- Composition	The risk of financial loss and subsequent irrecoverability of the bank balance in the event of a collapse of the bank		
- Exposure	Bank balance is maintained in a bank with good credit rating		
Currency risk			
- Composition	Exposure to fluctuation of currency risk with respect to bank balance		
- Exposure	The bank account is maintained in UAE Dirhams. As such, the Establishment is not exposed to currency risk with respect to the bank balance.		
- Mitigation	The exposure to fluctuation of currency risk is not expected to significantly affect the financial position of the Establishment or its performance for the		
c) Exclusive transactions			
- Composition	Transactions that do not pertain to the business of the Establishment		
- Incidence	No such transactions		
d) Refer Note 3 (l) for a summary of the accounting policy adopted and consistently applied.			

Notes to the Financial Statements
Year ended 31 December 2022

	2022	2021
	AED	AED
15 Share capital		
1,000 shares of AED 150 each	<u>150,000</u>	<u>150,000</u>
Refer Note 3 (m) for a summary of the accounting policy adopted and consistently applied.		
16 Shareholder's current account		
Opening & closing balance – Debit	<u>122,550</u>	<u>122,550</u>
Refer Note 3 (m) for a summary of the accounting policy adopted and consistently applied.		
17 Borrowing		
Loans from a related party	<u>1,183,750</u>	
a) The Establishment has taken loans amounting to USD 275,000, AED 100,000, and AED 80,000 respectively from M/s Yaap Digital Private Limited at an interest @4 % p.a, for a term of 3 years, repayable on demand.		
b) Refer Note 3 (o) for a summary of the accounting policy adopted and consistently applied.		
18 Trade and other payables		
Trade payables	43,495	111,536
VAT payable	-	4,025
Advance from a customer	-	17,537
Professional fee	<u>19,687</u>	<u>12,000</u>
	<u>63,182</u>	<u>145,098</u>
a) Risk of currency fluctuation		
All the payables are in UAE Dirhams or US Dollars, which is pegged to the UAE Dirham. As a result, the Establishment is not exposed to any fluctuation of currency risk.		
b) Refer Notes 3 (k) & (q) for a summary of the accounting policy adopted and consistently applied.		
19 Related parties		
a) Significant balances with related parties at the end of the reporting period:		
i) Shareholder		
- Current account – Credit (Note 16)	<u>122,550</u>	<u>122,550</u>
ii) Company under common ownership and management control		
Yaap Digital Private Limited, India		
- Loans from a related party (Note 17)	<u>1,183,750</u>	<u>-</u>
Crayons Global FZ-LLC		
- Investment in a subsidiary (Note 11)	500,000	
- Loan to subsidiary	<u>580,000</u>	

Notes to the Financial Statements
Year ended 31 December 2022

	2022	2021
	AED	AED
19 Related parties (Continued)		
b) Significant transactions with a related party during the year:		
Shareholder		
Cost of revenue – professional expense (Note 6)	-	32,439
- Interest on loan (Note 9)	19,687	-
c) Refer Note 3 (r) for a summary of the accounting policy adopted and consistently applied.		

20 Approval of financial statements

These financial statements were approved by the Director on behalf of and as authorised by the Shareholder and authorised for issue on 28 April 2023.

These financial statements are circulated with a digitally inserted signature of the Director, who will make the originals available, if required by the reader.

For Yaap Digital FZE



Atul Hegde
Director

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