Transguard Group

Annual Report 2019-2020

> The goals are clear, the road is paved and the clock ticks; there is no place for hesitation. There are many who talk, we accomplish.

His Highness Sheikh Mohammad bin Rashid Al Makhtoum
Vice President and Prime Minister of the UAE and the Ruler of Dubai

Message from the Chairman

The success of the UAE depends on the strength and integrity of its leaders and of the many businesses that drive the country's economy.

This is an inspirational story that continues to motivate people from all over the world, and Transguard's journey represents one of its most compelling chapters.

His Highness Sheikh Ahmed bin Saeed Al Maktoum
Chairman and Chief Executive, Emirates Airline and Group

Message from the CEO

For the fourth year in a row, Transguard Group has once again exceeded its forecast, with AED 234 million in profit, AED 2.55 billion in revenue and AED 1.5 billion in new contract wins. This was the result of a robust team effort that encouraged exceptional customer service and a proactive approach to the market.

Before the global pandemic, Transguard was known for supplying the right people, where and when they were needed. At the height of the UAE's lockdown, Transguard teams were on the frontlines, doing their part to help flatten the curve and to help the UAE run as smoothly as possible. Today, I am proud to say that Transguard stands stronger than ever as it continues to support the growth of the UAE as the country begins to reopen, setting a standard for the rest of the world.

Dr. Abdulla Al Hashimi
Chief Executive Officer

FY 19/20 was another record-breaking year for Transguard: We have once again exceeded our profit forecast, launched our new catering business, further expanded our service offerings, won significant contracts and added impressive awards to our list of accomplishments. The result of four solid years of effort, we've made it a priority to embed operational efficiencies into everything we do, an approach that has consistently added to our bottom line. Meanwhile, teams of talented men and women have dedicated countless hours to ensure that Transguard conducts its operations not only efficiently, but with integrity, agility and to the highest possible quality.

Until late February, this was the straightforward story that we were prepared to tell.

It quickly became apparent that it would take more than past efficiency to see Transguard through this crisis and to make our company even leaner in order to meet the challenges and requirements of the future. We know we have a long road ahead of us, and as recent events have so clearly demonstrated, no one can predict what the next part of this journey will have in store. However, Transguard continues to hold fast to its commitment to support, its customers and the UAE itself, every step of the way, to whatever the future may hold.

As COVID-19 brought the world to a standstill, Transguard took immediate measures to ensure that the company continued to operate with strength and agility, including the decision to reduce headcount and working hours. These were not choices that we made lightly. However, we were also keenly aware of our obligation to continue strengthening the foundation of Transguard Group to ensure our continued ability to deploy our own 'masked heroes'; that is, Transguard cleaners, security guards, delivery drivers, warehouse teams and more, all of whom have continued to work around the clock to do their part to support the nation, its businesses and its residents, to fight the spread of the virus.

What the virus has also revealed in our resilience: Our training continues to set industry standards, our capacity for innovation has led to the development of new products (both digital and service-led) and our passionate team is the consistent, deciding factor in every success we enjoy. We are proud of our progress, our people and we are confident in our strength to tackle the challenges and opportunities of the future.

Greg Ward
Managing Director

FINANCIAL HIGHLIGHTS

25%
Profit Growth

AED 1.5 Billion
in new contracts

Key Performance Indicators	Actual	Actual	Actual
	2019-20	2018-19	2017-18
Revenue AED 000's	2,554,132	2,578,618	2,315,053
EBITDA AED 000's	450,828	265,454	211,849
EBITDA Margin %	18%	10%	10%
Operating Profit AED 000's	279,084	218,248	174,617
Operating Margin %	11%	8%	8%
Profit Attributable to the Owner AED 000's	233,578	186,780	150,158
Profit Margin %	9%	7%	7%
Headcount	60,791	66,926	64,774

CASH SERVICES

Fleet of 450+ vehicles

Processes more than 250 million notes every month

Launch of Transguard Pay

Travels more than 1.8 million kms per month

4,200 traditional cash collection points converted to SCDMs

18%
Revenue Growth

97%
Market Share

With 97% market share, FY 19/20 saw Transguard Cash continue to hold its dominant position in the market thanks to continuing innovation and excellent customer service. The conversion of more than 4,200 traditional cash collection points to SCDMs was a major driver for success.

The Cash division also launched a pilot programme within our accommodations; called Transguard Pay, these on-site kiosks allows our site-based staff the ease and capability of making payments to top up their Etisalat, Du, and international mobile phone accounts with cash.

Transguard Group plans to add more features to Transguard Pay, such as a component that will enable employees to send money to their family in their home country and pay other fees such as traffic violations directly from the kiosk. When Transguard Pay is not in use, it communicates important company news and updates, further connecting all employees.

SECURITY SERVICES

Executive Protection tripled its reach

Secured UK, German and Canadian embassies in Abu Dhabi and Dubai

Added most major malls in the UAE to its portfolio

K9 team received two certifications from Dubai Police

Completed build of state-of-the-art control room

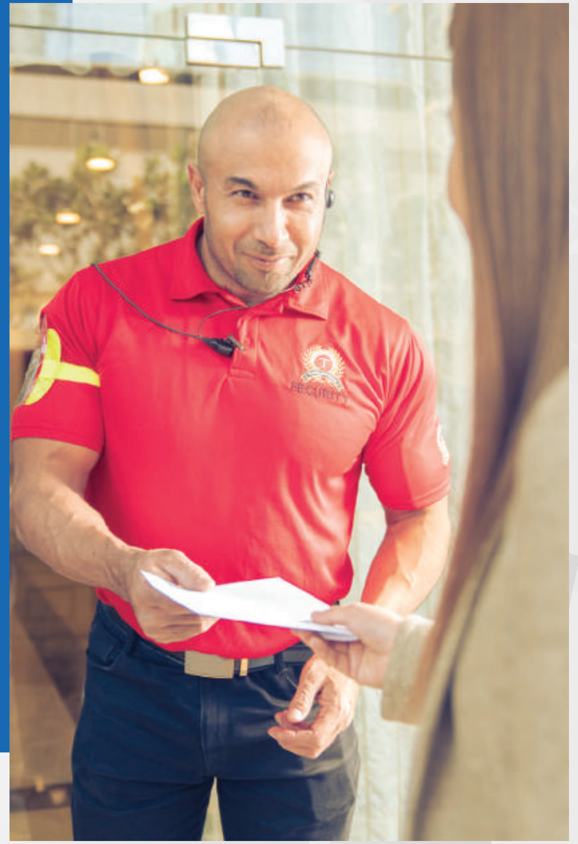
Won **"Security Company of the Year"** for the third year in row

13%
Revenue Growth

13%
Workforce Growth

FY 19/20 was a year of continued success for Transguard Security Services (TGSS), which solidified its robust growth strategy around diversification. With the majority of the UAE's most significant malls now in its portfolio of clients, TGSS also added a number of embassies to its client list, including the British embassies in Dubai and Abu Dhabi, as well as the Canadian and German embassies.

Event security was another major pillar for this division, and Transguard was a fixture at such well-known events as the Race to Dubai, Party in the Park and the Rugby 7s, amongst others.



Launched in November 2018, our Executive Protection division tripled its reach during FY 19/20, adding a number of high net worth individuals, A-list Hollywood celebrities and international fashion designers to its roster of clients. Our K9 team also experienced impressive growth due to new contracts with several major international airlines and freight carriers. In addition to two certifications with Dubai Police, this team was also showcased during the 2019 edition of AVSEC, which brought international attention to our world-class Explosive Detection Dogs.

Another highlight for TGSS was the completion of Transguard's state-of-the-art control room: The technical build of this command centre involved bringing together the world's most cutting-edge technology, including secure data centres, security information management, digital information display and physical access control systems; each aspect of this technology offers its own blend of cutting-edge innovation, delivery excellence and product quality.

Finally, Transguard Security Services was honoured to be recognised for the third year in a row as Security Company of the Year by *Facilities Management Middle East Magazine.*

MANPOWER SERVICES

Continuing to work with EXPO 2021 pavilions

Growth in the warehousing sector

In FY 19/20, Hospitality was Transguard’s fastest-growing business unit

50% growth in hotel presence

Warehouse staff are in high demand due to COVID-19

5 Framework Agreements signed

30K Headcount

HIGHLIGHTS FROM OUR **HOSPITALITY DIVISION**

60 five-star hotels

73,000 kitchens

5 million hotel rooms

The Hospitality division of Transguard Group experienced global gains at the end of 2019 with the signing of a framework agreement with a major international hotel chain, which is further recognition of the high standard of our training and excellent performance record.

COVID-19 put a particular focus on Transguard Group's comprehensive manpower solutions, particularly warehouse staff, shelf fillers, packers, forklift operators and drivers. Our ability to quickly deploy for emergency projects and unforeseen circumstances gave us a unique edge over the competition and opened the door for additional sales opportunities with new customers.

Hospitality experienced 50% growth in hotels during FY 19/20, with Transguard teams responsible for cleaning 73,000 kitchens and 5 million hotel rooms.

AVIATION & LOGISTICS

Added Business Class chauffeur services to portfolio

No. 1 supplier of manpower to Dubai's airports

Before COVID-19, more than 1,500 aircraft cleaners were deployed daily

Active in Dubai, Abu Dhabi and Sharjah

15% Revenue Growth

6% Workforce Growth

HIGHLIGHTS FROM OUR **BUSINESS CLASS CHAUFFEUR DRIVE** CONTRACT

500k trips since July 2019

60k trips per month (average)

450 drivers

With 8,500 of our staff working in the UAE's Aviation sector, Transguard became the number one supplier of manpower to Dubai's airports in FY 19/20. Loaders, drivers, forklift operators, customer service agents, porters and hostesses are just a few of the Transguard designations that help move visitors through airports in Dubai, Sharjah and Abu Dhabi.

The first quarter of FY 19/20 saw our Aviation & Logistics division add chauffeur services to its portfolio: Supplying our highly trained drivers to the business class passengers of one of the UAE's most prominent airlines, Transguard has completed more than 500,000 trips back and forth between the airport and passenger homes or hotels.

WORKFORCE SOLUTIONS

Workforce Solutions, the white collar staffing unit of Transguard Group, launched its Executive Search division early in FY 19/20, and added several globally renowned companies as clients, including a major cosmetics and skin care label, a pharmaceuticals giant, an Asian telecommunications megabrand and more.

Securing contracts with one of the UAE's most recognisable petroleum brands was another highlight for Workforce Solutions. Meanwhile, the launch of our VMS and MSP solutions also continued to buoy new business for this division.

FACILITIES MANAGEMENT

Named Property Management Company of the Year

Launched Property Management division

Marked 11 years of partnership with Global Village

Won a number of EXPO 2021 pavilions, including New Zealand, the Netherlands and the UAE

Cross-trained 1,000 staff to aid with COVID-19-related cleaning and sanitisation

Launched High Touch Point cleaning and fogging services

7%
Revenue Growth

10%
Headcount Growth

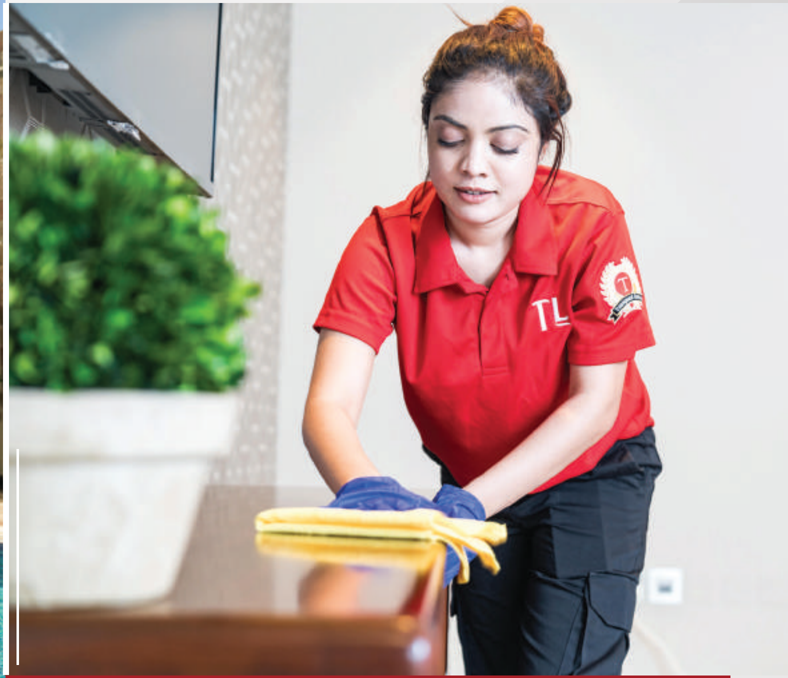
COVID-19 had a dramatic impact on the entirety of Transguard Group, but this impact was most positively felt in our Facilities Management division. Fueled by the need for additional cleaning, sterilisation and sanitisation, we cross-trained 1,000 site-based staff to support these new initiatives and launched new High Touch Point cleaning and fogging services to meet increased demand.

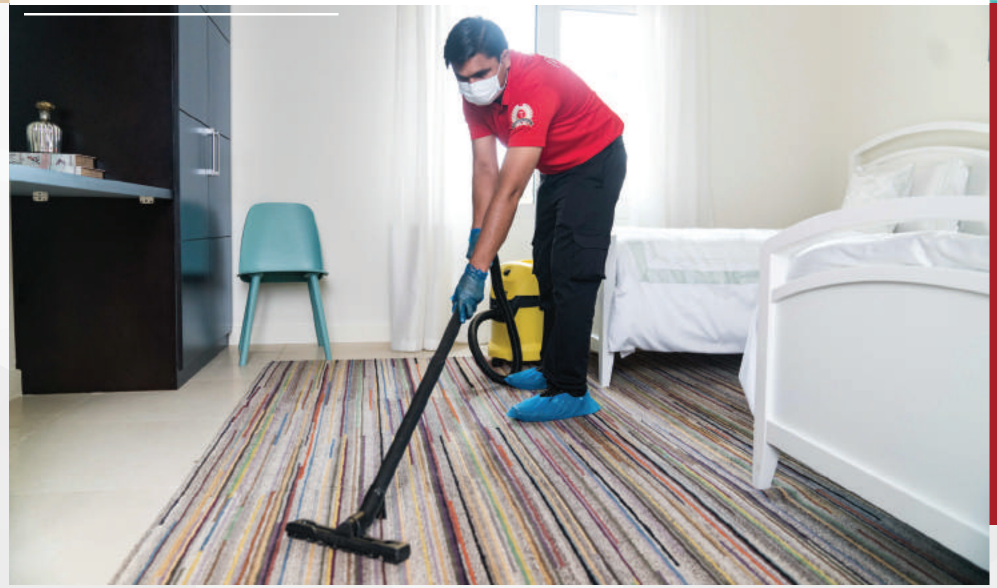
As it added a number of the UAE's most prominent brands to its portfolio, the Facilities Management division continued to enhance its reputation as the nation's largest FM provider. FY 19/20 marked 11 years of collaboration with Global Village, as well the first year with one of the country's largest banks. Healthcare contracts in Dubai and Abu Dhabi also served to showcase the team's skill in providing specialised services.

Property Management, a new service line, not only helped expand the reach of Transguard Group into new areas, it also earned its first award, Property Management Company of the Year, an impressive accomplishment considering that 2019 was the first year of its operation.

Finally, despite EXPO being delayed until 2021, our Facilities Management team is still working in earnest to support a number of exhibiting pavilions, including New Zealand, the Netherlands and the UAE.

TRANSGUARD LIVING





Transguard's consumer division, Transguard Living (TGL), doubled its size and expanded its service offering into Abu Dhabi. A year after expanding into the Northern Emirates with an office in Ras Al Khaimah, TGL deepened its core offerings with a revitalised approach to its "Move" service and a new team of highly trained technicians.

To celebrate its three years of operation, Transguard Living launched a new website and four collectible mascots. The site, which is fully integrated with Salesforce, allows click-of-a-button bookings and best-in-class performance that is setting the standard for home maintenance companies in the region.

TRANSGUARD DELIVERY

Launched new website

1,500 deliveries of mishandled baggage per month to Dubai, Sharjah and Ajman

20,000 deliveries per month

Facilitated an average of 180 home check-ins every month for Emirates

23,000 pieces of luggage transported for cruise ship passengers

21K

Cheques Deliveries per Month

25K

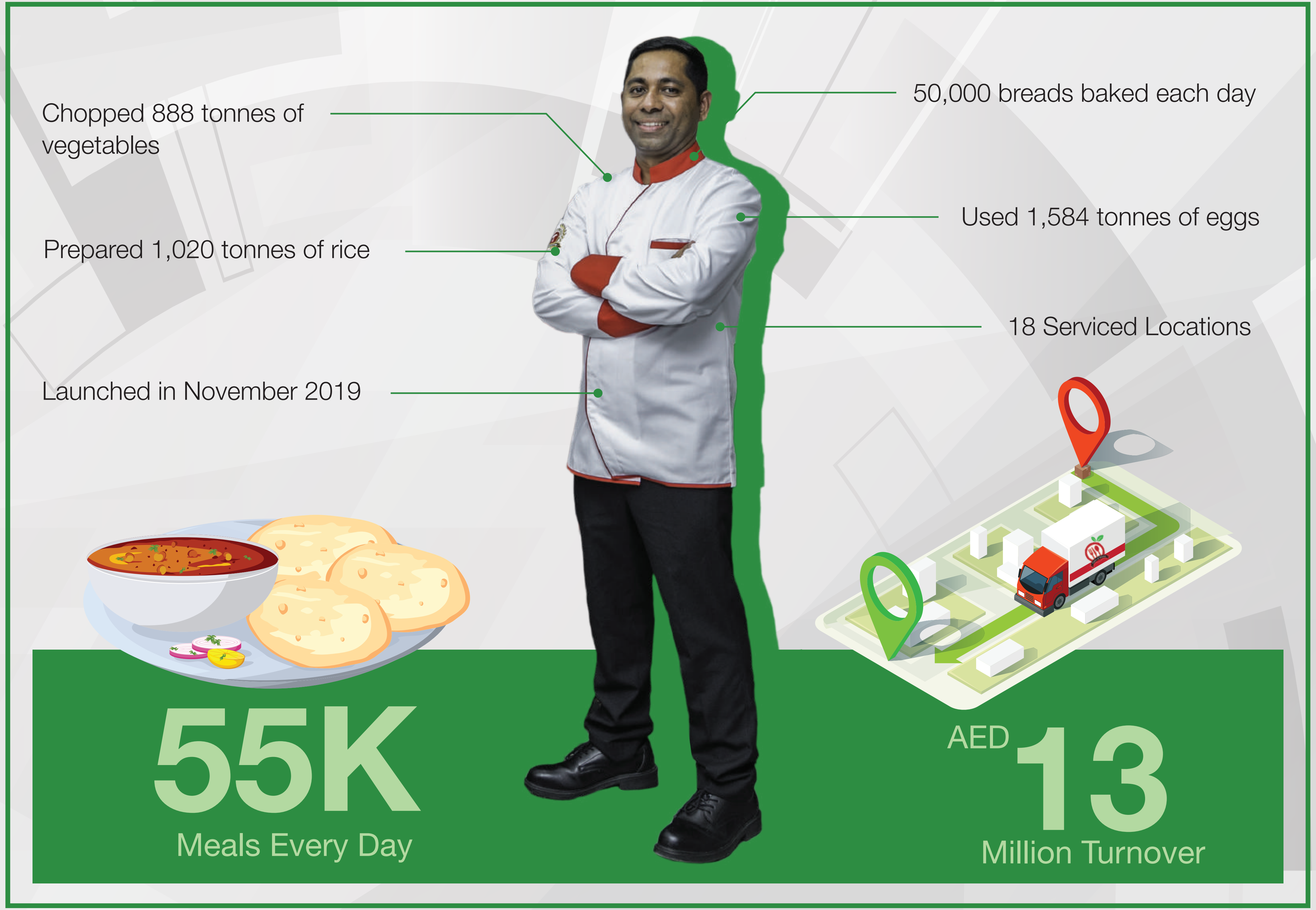
Cruise Ship Check-Ins Since November

Two years after its launch, Transguard Delivery continues to play an integral role in Dubai's logistics sector. With 21,000 and 20,000 deliveries respectively, mail deliveries and cheque collections are two of the division's most significant activities. Transguard Delivery also distributes mishandled baggage throughout the country, averaging 1,500 deliveries within Dubai, Sharjah and Ajman and 130 deliveries to other emirates each month.

Transguard Delivery also continued to support home check-in services for Emirates Airline and averaged 180 check-ins each month throughout the financial year, with 4,000 check-ins completed between April 2018, when the partnership began until December 2019.

A new contract in Q3 saw Transguard Delivery handle cruise ship check-ins as well, with 25,000 passengers availing of the service and 23,000 pieces of luggage transported to Terminal 3 since November 2019.

TASTE OF HOME



Taste of Home, the newest division of Transguard, was established in late 2019 to fulfil a need – to provide site-based employees with delicious and healthy meals at an affordable price. In order to offer a true “taste of home”, the catering company sought out chefs from the very regions for which they cook: North and South India, Pakistan, the Middle East, Africa, the Philippines and Europe. The company currently has the capacity to produce over 55,000 meals every day out of its 3,500m2 purpose-built facility in Dubai Investment Park.

Led by an experienced Western and Asian food management team, Taste of Home’s dedicated chefs grew up eating the food they now cook for others, ensuring an element of authenticity and distinction to the company’s offering. With an undeviating focus on well-being, quality and cost, the business and its centre of operations are honed by a Lean Six Sigma-informed process. At every step of its operations, Taste of Home further complies to an environmental commitment that underscores its use of resources and enterprise.

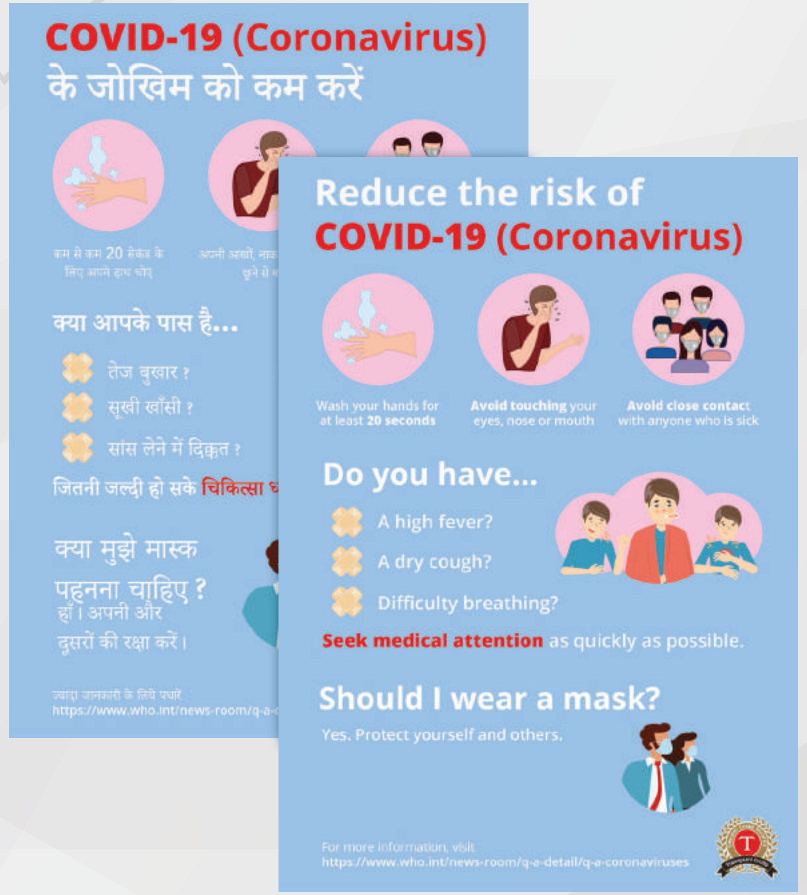
The Taste of Home HACCP (Hazard Analysis and Critical Control Point) - approved facility in DIP features four dedicated cold stores for vegetables, poultry, meat and fish, and four allocated preparation areas for each. There are also designated nationality kitchens, all run by state-of-the-art Saffron Catering Management Software, which includes traffic light nutritional information, calorie scores and allergen data, for nutritionally balanced recipes and portion sizes. Other than dedicated storage and preparation areas, the Taste of Home staff adhere to controlled hygiene processes prior to entering the food handling area of the facility. Additionally, meals are carefully transported to sites and accommodations in temperature-controlled reefer trucks, with real time temperature monitoring and trackers that increase efficiency.

COVID-19 AND HOW OUR EXISTING INFRASTRUCTURE **PREPARED US FOR A ROBUST RESPONSE**

Offering a dynamic response to a global pandemic was not how Transguard intended to finish FY 19/20. Like the majority of global businesses, we didn't have an immediately available play book for how we would weather this most unlikely of storms.

And yet, we quickly discovered that we had the infrastructure to meet the startling new requirements: Our Lean Six Sigma training, our industry-leading experts, our committed workforce (both at site and in our headquarters), were all more than prepared to tackle each new challenge as it appeared.

First and foremost was the health of our site-based staff, and a 360-degree campaign was quickly deployed in all of our accommodations, including tool box talks, multi-lingual educational posters, videos offering handwashing tutorials and additional hand sanitiser units, among others. Temperature checks were required upon deployment and re-entry to the accommodations. A High Touch Point regime and deep cleaning schedule was added to our existing cleaning programme, and social distancing was encouraged with posters, animations and floor stickers. Taste of Home, our in-house catering company, transitioned their meal service from a buffet line to individual serving packages to reduce crowds in our canteens. As recreational activities and outdoor spaces were closed, we increased the bandwidth of our wifi to encourage our staff to #stayhome in their rooms.



Back in HQ, we made plans to split operations across three separate locations in Dubai; and when the situation worsened, we entered the previously unknown arena of working from home, navigating its challenges and opportunities with virtual meetings that somehow filled diaries as easily in this new environment as they did in the office.

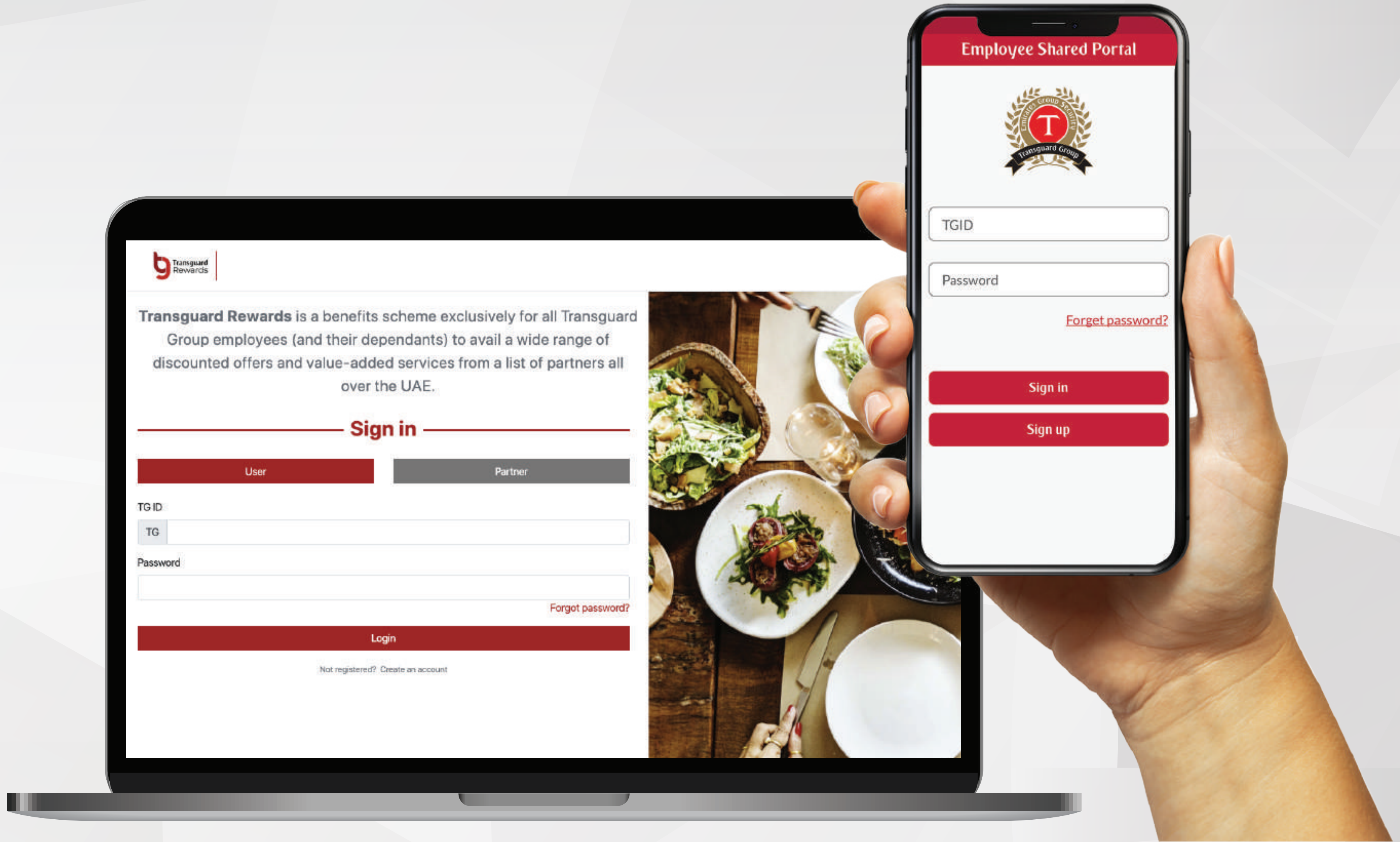
Meanwhile, our clients were faced with their own unforeseen challenges of not only how to operate under these conditions but how to do so with extreme attention to health and hygiene for themselves and their own customers. To meet this need, our operations team worked around the clock, through weekends and holidays, to ensure that all of our sanitisation options were not only available to our clients but that they were the best options on the market. In addition to traditional cleaning and more aggressive deep cleans, High Touch Point cleaning and fogging services were added to our portfolio.

In parallel to this skyrocketing demand, we experienced the cancellation or temporary halt to existing contracts that had the knock-on effect of dramatically increasing the size of our idle pool. Coupled with the massive demand for skilled cleaners, we began an intensive cross-training programme that not only allowed us to fill this demand, it also gave our site-based staff the opportunity to be actively engaged in the fight against COVID-19.

The virus also opened up new opportunities for other innovations, including actual products. For the first time, Transguard designed and manufactured its own line of sanitising misting stations that offer buildings, worksites and even motorways an additional safeguard against COVID-19. The three stations have raised considerable interest with existing and new clients and as of the end of April we were in the process of deploying an impressive fleet of stations across the country.

While no one knows what the next year will bring, Transguard is already in the process of coming out of this crisis leaner, stronger and more unified as a team than ever before. We are more prepared than ever to continue serving the UAE as it works tirelessly to combat the spread of this virus.

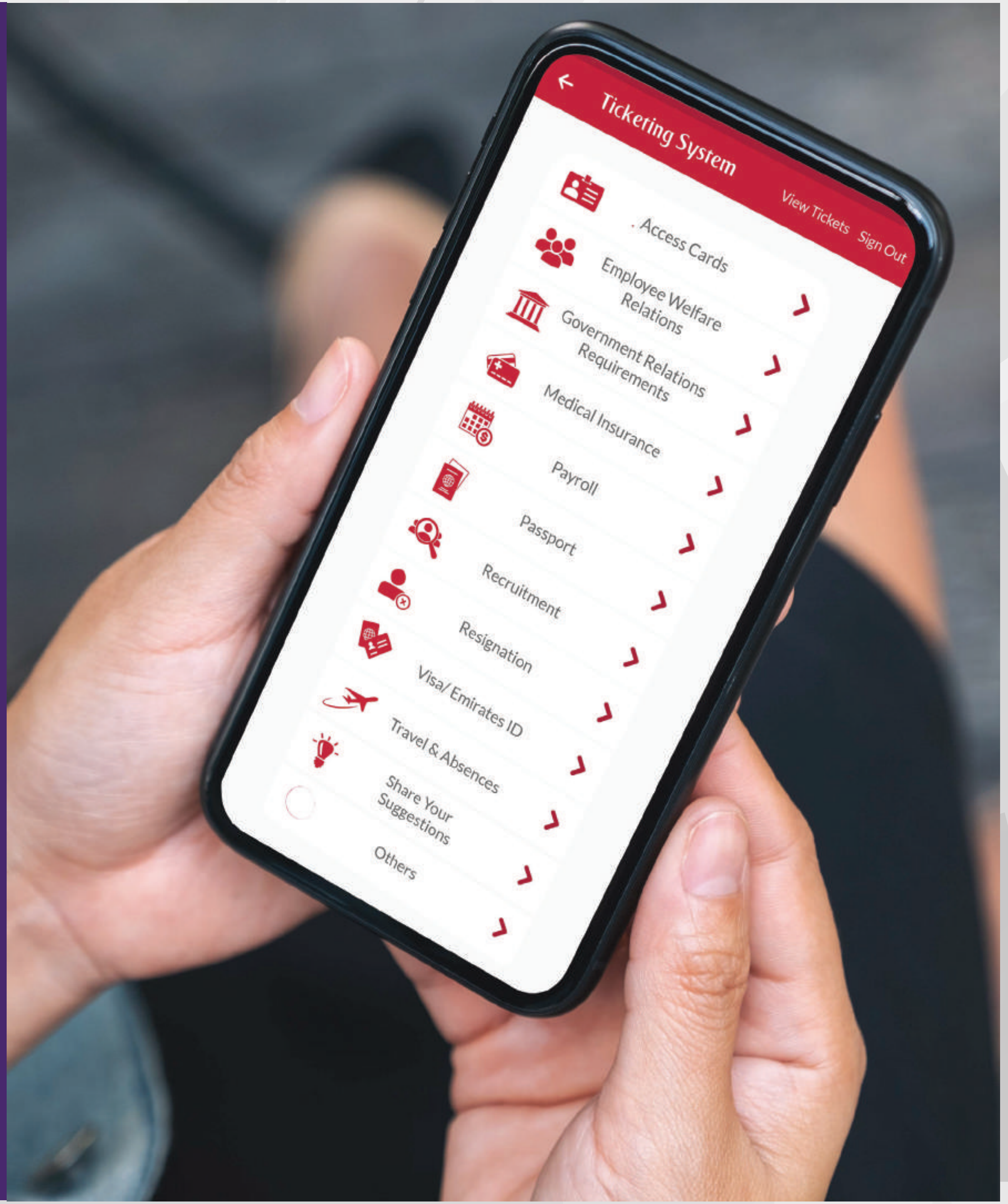
DIGITAL INITIATIVES GAIN MOMENTUM



As part of the company's digital transformation initiative, FY 19/20 saw Transguard launch three unique digital initiatives across its employee base.

The first is the Employee Services Portal (ESP), which was developed especially for Transguard's site-based employees in the latter half of 2019. ESP simplifies the process for anyone wishing to enquire about their payslip, annual leave balance, flight ticket or career progression opportunities. It also offers a simple way for site-based staff to share their ideas and give general feedback.

With both Android and iOS versions available, employee response has been overwhelmingly positive, as queues in our Employee Shared Services offices have become shorter and more manageable; the turnaround times for requests has also been reduced.



Digital happiness surveys were the second initiative released for Transguard's site-based staff: Replacing paper-based drop boxes with easy-to-access tablets, these digital surveys invite the user to use a one, two or three star rating to provide feedback on everything from the cleanliness of the accommodations and their interest in recreation activities to the quality of the food and opportunities for promotion. Available 24 hours a day and easily customisable per accommodation, the digital survey provides real-time feedback that is quickly and easily disseminated across the responsible teams.

The final digital launch of FY 19/20 was the Transguard Rewards benefits scheme, which was created for all Transguard Group employees, including site-based and headquarters staff. Modeled on the Emirates Platinum Card, Transguard Rewards offers discounted and value-added services from more than 200 partners all over the UAE.

All Transguard Rewards offers are available via the bespoke TG Rewards app and website, both of which were designed and implemented using in-house talent. The team also developed an access point for Transguard Rewards partners, who can log in and upload their specific offers at any time.

CARING FOR OUR COMMUNITY WITHIN A COMMUNITY

As one of the nation's largest employers, Transguard Group is actively invested in ensuring the best possible environment for its employees and for the community at large. For the former, this meant hosting upwards of 4,000 individual activities across all of our accommodations during FY 19/20. This included the Transguard Olympics sports event and the Transguard Carnival, both of which are held twice a year. All of this is done to encourage our employees to invest just as much in their leisure time as they do in their working hours because we appreciate the value of balance. This helps foster an incredibly positive environment that also encourages teamwork and creative thinking.

1262 People volunteered

3,855 Hours volunteered

1st Arabia CSR Award

What's more, our sustainability efforts led to impressive gains thanks to efficiencies in Transguard's approach to energy and water consumption. For example, the company recorded a 17% reduction in year-on-year utility costs in FY 19/20. In addition, the installation of more than 1,200 solar panels is expected to reduce the company's carbon footprint by nearly 500 metric tons.

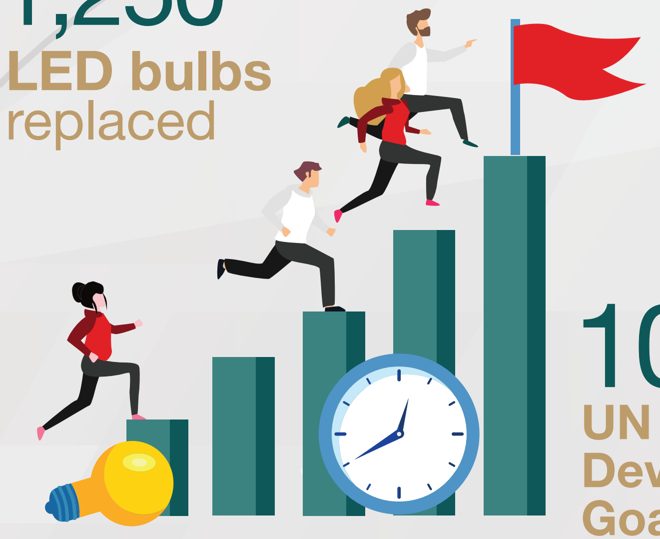
42.21 **Million Gallons** of water
Saved 107% of our target

53 **CSR** initiatives

6.01 **Million kWh** of energy
saved 112% of our target

In May 2018, a paperless initiative began in Transguard's headquarters, which included (but wasn't limited to) the elimination of paper invoices to clients. To date, the company has saved 1.95 million sheets of paper; this equates to nearly AED 130,000 in savings in ink and paper.

1,250 **LED bulbs** replaced



10 **UN Sustainable Development Goals Endorsed**

41 **Environmental** projects in our accomodations

60 **Trees** planted

PINK Bus Breast Cancer Campaign

1ST QUARTER

APRIL 2019

Wins **Dubai Quality Awards**

Our **K9 team is awarded** for their completion of a rigorous training programme with the **Dubai Police K9 Unit**

Wins **Sheikh Khalifa Excellence Award**

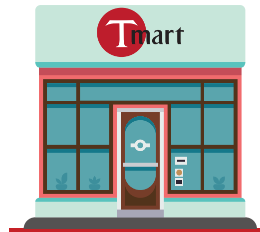
Annual report announces **AED 2.578 billion** in revenue

MAY 2019

Security partner of choice to **major malls**, the **UK and other embassies**

Transguard Living launches their **Ramadan campaign** with Red Crescent

JUNE 2019



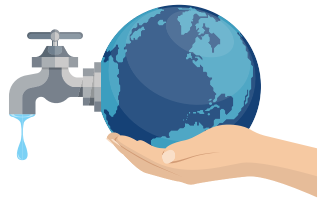
The second location of T-Mart, a convenience store for our employees, opens for business

Wins **chauffeur contract** with a major regional airline

Wins **"Security Company of the Year"** three years running by *Facilities Management Middle East* magazine

Serving our **60** five-star hotels with over **5 million** rooms cleaned annually

55% of open positions were filled by internal staff members



Saves **10 million gallons** of water from our water conservation efforts

2ND QUARTER

JULY 2019

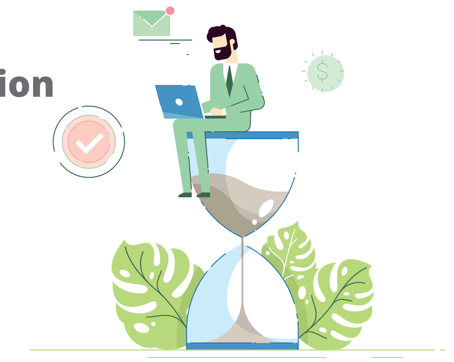
Over 300 employees participate in our biannual Transguard Olympics

Members of our Facilities Management team donate their time and expertise to **Awladouna Centre for People with Disabilities**

Managing Director Greg Ward is featured in the July edition of **Logistics Middle East**

August 2019

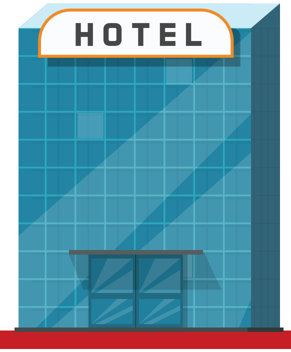
Surpasses goal of 0.66 million kWh and saved **1.25 million kwh**



Accummulates **2,713 hours** of community services

September 2019

Announces **33% reduction in major incidents** throughout our worksites and **15% reduction in minor incidents** since 2018



Attends **Hotelier Middle East** for the Great GM Debate

Demontrates a live **virtual reality experience** at the **AVSEC symposium**

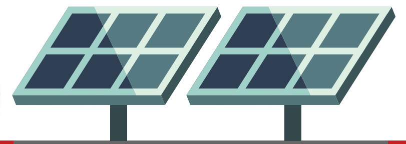
Our employees take part in the **Camp Ka Champ** singing competition

Launches a **Graduate Programme** for UAE Nationals

3RD QUARTER

October 2019

Wins **Arabia CSR Award**



Installs **1,224 solar panels** in one of our accommodations

Marks **Breast Cancer Awareness Month** by driving a customized bus around Dubai

November 2019

Launch of our **Customer Centric** campaign

Releases the **Transguard Rewards app** for our employees

December 2019

Hosts over **5,000 employees** at our **biannual Transguard Carnival**

2,715 total hours of volunteering in CSR events

Sponsors and organises the 30th anniversary of **Christina Noble Children's Foundation** charity ball

Completes **40+ environmental projects** across all accommodations

Signs MOU with Gunnebo, which allows us to partner on major Systems Integration projects within the UAE

4TH QUARTER

January 2020

Coordinates over **3,800** CSR employee activites

Marks nearly a decade of providing **expert service to healthcare facilities** in the UAE

Shows support of **UAE Vision 2021** by helping to clean the **Jebel Ali Wetland Sanctuary**

February 2020

Announces the launch of **Taste of Home**

Announces **AED 1.5 billion** in secured contracts

Announces **partnership with the Dutch Pavilion** to provide **Facilities Management services** at Expo 2021

March 2020

Wins the **Sheikh Khalifa Excellence Award - Silver**

Cross-trains 1,500 employees in facilities management services

Supports the UAE and our customers with **decontamination** and **sanitising services**

FINANCIAL REPORT
2019 - 2020

Directors' report and consolidated financial statements
for the year ended 31 March 2020

Directors' report for the year ended 31 March 2020

The Directors submit their report together with the audited consolidated financial statements of Transguard Group LLC ("the Company") and its subsidiaries (together, "the Group") for the year ended 31 March 2020.

Principal activities

The principal activities of the Group are to provide secure cash and valuable logistics, integrated facility services, security guarding services, aviation security including accredited training and aircraft protection, security solutions and workforce solutions ranging from construction to professional services.

Results

The results of the Group for the year ended 31 March 2020 are set out on page 5 of the consolidated financial statements.

Directors

The directors who served during the year and up to the date of this report were:

Executive Director

- Dr. Abdulla Al Hashimi representing dnata

Non-executive Directors

- H.H. Sheikh Ahmed bin Saeed Al-Maktoum representing dnata
- Hamad Jassim Al Darwish Fakhroo representing Al Hail Holding LLC
- Mohammed Al Shaiba Saleh Ghannam Al Mazrouei representing Al Hail Holding LLC

Auditors

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment as auditors for the year ending 31 March 2021.

For and on behalf of the Board,

Dr. Abdulla Al Hashimi
Chief Executive Officer

Gregory Ward
Managing Director

30th April 2020

Independent auditor's report to the shareholders of Transguard Group LLC

pwc

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Transguard Group LLC (the "Company") and its subsidiaries (together the "Group") as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report and other information included in the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

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.

If, based on the work we have performed, 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.

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 accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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.

Independent auditor's report to the shareholders of Transguard Group LLC (Continued)

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 suchdisclosures 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.

- 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.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

(iii) the Group has maintained proper books of account;;

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Report on other legal and regulatory requirements (conitnued)

(iv) the financial information included in the report of the Directors is consistent with the books of account of the Group;

(v) as disclosed in note 1 to the consolidated financial statements the Group has not purchased and invested in shares during the year ended 31 March 2020;

(vi) note 10 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted; and

(vii) 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 March 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 March 2020.

PricewaterhouseCoopers
30 April 2020

Rami Sarhan
Registered Auditor Number 1152
Dubai, United Arab Emirates

Consolidated statement of financial position

	Note	As at 31 March 2020 AED	2019 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,121,884,541	956,187,759
Intangible assets	6	69,039,198	71,518,887
Right-of-use assets	7	325,702,184	-
Prepayments	9	-	116,743,188
		1,516,625,923	**1,144,449,834**
Current assets			
Inventories		7,860,915	4,499,521
Trade and other receivables	9	737,253,129	784,238,099
Due from related parties	10	57,642,285	64,639,778
Cash and bank balances	11	65,200,550	38,285,925
		867,956,879	**891,663,323**
Total assets		**2,384,582,802**	**2,036,113,157**
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	300,000	300,000
Legal reserve	15	150,000	150,000
Contributed capital	16	1,806,502	1,806,502
Retained earnings		719,753,008	583,412,049
Total equity attributable to owners of the Company		**722,009,510**	**585,668,551**
Non-controlling interests		120,783,680	111,154,898
Total equity		**842,793,190**	**696,823,449**
LIABILITIES			
Non-current liabilities			
Borrowings	13	649,223,163	587,763,198
Lease liabilities	7	137,037,957	-
Provision for employees' end of service benefits	17	125,853,825	110,259,730
		912,114,945	698,022,928
Current liabilities			
Trade and other payables	12	395,834,616	466,084,891
Lease liabilities	7	81,002,122	-
Due to related parties	10	1,161,053	149,986
Borrowings	13	151,676,876	175,031,903
		629,674,667	**641,266,780**
Total liabilities		**1,541,789,612**	**1,339,289,708**
Total equity and liabilities		**2,384,582,802**	**2,036,113,157**

These consolidated financial statements were approved by the Board of Directors on 30 April 2020 and signed on its behalf by:

Dr. Abdulla Al Hashimi
Chief Executive Officer
30 April 2020

Gregory Ward
Managing Director

Consolidated income statement

	Note	Year ended 31 March 2020 AED	2019 AED
Revenue	18	2,554,132,385	2,578,617,798
Direct costs	19	(2,077,439,376)	(2,139,091,801)
Gross profit		**476,693,009**	**439,525,997**
Administrative expenses	20	(182,255,818)	(187,099,136)
Impairment losses on financial assets - net	21	(20,803,743)	(34,732,431)
Other income / (expenses) - net	23	5,450,735	553,759
Operating profit		**279,084,183**	**218,248,189**
Finance costs	24	(24,000,815)	(18,569,602)
Profit for the year		**255,083,368**	**199,678,587**
Profit attributable to:			
Owners of the Company		233,578,055	186,780,229
Non-controlling interests		**21,505,313**	**12,898,358**
		255,083,368	**199,678,587**

Consolidated statement of comprehensive income

	Note	Year ended 31 March 2020 AED	2019 AED
Profit for the year		255,083,368	199,678,587
Other comprehensive income :			
Item that will not be reclassified to consolidated income statement:			
Remeasurement of of employees' end of service benefits	17	(4,238,000)	6,307,000
Total comprehensive income for the year		**250,845,368**	**205,985,587**
Attributable to:			
Owners of the Company		**230,970,055**	**193,217,229**
Non-controlling interest		**19,875,313**	**12,768,358**
		250,845,368	**205,985,587**

The notes on pages 8 to 35 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

	Attributable to owners of the Company						
	Share capital AED	Legal reserve AED	Contributed capital AED	Retained earnings AED	Total AED	Non-controlling interests AED	Total equity AED
Balance at 1 April 2018 (restated)	300,000	150,000	1,806,502	462,194,820	464,451,322	108,386,540	572,837,862
Profit for the year	-	-	-	186,780,229	186,780,229	12,898,358	199,678,587
Other comprehensive income:							
Remeasurement of retirement benefit obligations	-	-	-	6,437,000	6,437,000	(130,000)	6,307,000
Total comprehensive income for the year	-	-	-	193,217,229	193,217,229	12,768,358	205,985,587
Transactions with owners							
Dividend (Note 26)	-	-	-	(72,000,000)	(72,000,000)	(10,000,000)	(82,000,000)
Balance at 31 March 2019	**300,000**	**150,000**	**1,806,502**	**583,412,049**	**585,668,551**	**111,154,898**	**696,823,449**
Impact of changes in accounting policies (Note 29)	-	-	-	(24,629,096)	(24,629,096)	(246,531)	(24,875,627)
At 1 April 2019	300,000	150,000	1,806,502	558,782,953	561,039,455	110,908,367	671,947,822
Profit for the year	-	-	-	233,578,055	233,578,055	21,505,313	255,083,368
Other comprehensive loss:							
Remeasurement of retirement benefit obligations	-	-	-	(2,608,000)	(2,608,000)	(1,630,000)	(4,238,000)
Total comprehensive income for the year	-	-	-	230,970,055	230,970,055	19,875,313	250,845,368
Transactions with owners							
Dividend (Note 26)	-	-	-	(70,000,000)	(70,000,000)	(10,000,000)	(80,000,000)
Balance at 31 March 2020	**300,000**	**150,000**	**1,806,502**	**719,753,008**	**722,009,510**	**120,783,680**	**842,793,190**

The notes on pages 8 to 35 are an integral part of these consolidated financial statements

Consolidated statement of cash flows

	Note	Year ended 31 March 2020 AED	2019 AED
Cash flow from operating activities			
Profit for the year		255,083,368	199,678,587
Adjustments for:			
Depreciation of property, plant and equipment	5	59,079,067	38,842,674
Amortisation of intangible assets	6	8,599,259	8,362,881
Depreciation of right-of-use assets	7	104,065,814	-
Provision for employees' end of service benefits	17	43,952,763	41,511,105
Provision for impairment of trade receivables	21	17,754,943	33,422,310
Provision for impairment of due from related parties	21	3,048,800	1,310,121
Finance costs	24	24,000,815	18,569,602
Provision for impairment of property, plant and equipment	23	-	1,797,000
Write-off of intangible asset	23	1,266,024	958,806
Gain on retirement of leases	23	(3,929,905)	-
Gain on disposal of property, plant and equipment	23	(1,066,774)	(1,493,512)
Operating cash flow before payment of employees' end of service benefits and changes in working capital		**511,854,174**	**342,959,574**
Payments of employees' end of service benefits	17	(32,712,668)	(26,110,113)
Changes in working capital, net of acquisition of subsidiary:			
Inventories		(3,361,394)	(723,863)
Prepayments – non current before adoption of IFRS 16		-	1,043,541
Trade and other receivables before movement in provision for impairment and adoption of IFRS 16		15,786,839	(36,989,120)
Due from related parties before movement in provision for impairment		3,948,693	21,963,195
Trade and other payables		(70,250,274)	78,086,342
Due to related parties		1,011,067	(12,681,200)
Net cash generated from operating activities		**426,276,437**	**367,548,356**
Cash flows from investing activites			
Purchase of property, plant and equipment	5	(228,056,547)	(492,417,218)
Purchase of intangible assets excluding goodwill	6	(7,385,594)	(7,833,603)
Payment for acquisition of subsidiary – net of cash acquired	27	-	(16,025,654)
Proceeds from disposal of property, plant and equipment		4,347,473	19,105,910
Net cash used in investing activities		**(231,094,668)**	**(497,170,565)**

	Note	Year ended 31 March 2020 AED	2019 AED
Cash flows from financing activities			
Repayment of borrowings	13	(181,868,688)	(409,726,691)
Drawdown of borrowings	13	219,973,626	651,123,458
Repayment of lease liabilities	7	(102,371,267)	-
Interest paid	24	(24,000,815)	(18,569,602)
Dividend paid		(80,000,000)	(82,000,000)
Net cash (used in) / generated from financing activities		**(168,267,144)**	**140,827,165**
Net increase in cash and cash equivalents		**26,914,625**	**11,204,956**
Cash and cash equivalents at beginning of year		38,285,925	27,080,969
Cash and cash equivalents at end of year	11	**65,200,550**	**38,285,925**

The notes on pages 8 to 35 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements for the year ended 31 March 2019

1. Legal status and activities

Transguard Group LLC ("the Company") and its subsidiaries (Note 8) (together, "the Group") provide secure cash and valuable logistics, integrated facility services, security guarding services, aviation security including accredited training and aircraft protection, security solutions and workforce solutions ranging from construction to professional services.

The Company is a limited liability company incorporated on 31 August 2002 in the United Arab Emirates under the UAE Federal Law No. (8) of 1984, as amended and operates under a trade licence issued in Dubai. This law has been superseded by UAE Federal Law No. 2 of 2015 effective 1 July 2015. The registered address of the Company is P. O. Box 22630, Dubai, United Arab Emirates.

The share capital of the Company is owned equally by dnata, a company incorporated in the Emirate of Dubai, UAE, with limited liability, under an Emiri Decree issued on 4 April 1987 and Al Hail Holding LLC, a limited liability company, established and registered in the Emirate of Abu Dhabi. The 'Transguard' trademark, name and logo are held by dnata.

The Group did not invest or purchase any shares during the year ended 31 March 2020.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These consolidated financial statements have been prepared under the historical cost convention, unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its 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 disclosed in Note 4.

2.1.1 Changes in accounting policies and disclosures

New and amended standards adopted by the Group

IFRS 16, 'Leases' became applicable for the current reporting period. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least , the new accounting model for leases is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The impact of adoption of IFRS 16 on these consolidated financial statements is disclosed in Note 29.

There are no other IFRSs, amendments or IFRIC interpretations that are effective that would be expected to have a material impact on the Group's consolidated financial statements.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures (continued)

New standards and interpretations not yet adopted by the Group

Certain new and revised accounting standards and interpretations, as detailed below, have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Group. The Group intends to adopt these standards as and when they become effective.

• **Amendments to IFRS 3** (effective from periods beginning 1 January 2022)

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

• **Amendments to IAS 1 and IAS 8** (effective from periods beginning 1 January 2022)

These amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some guidance in IAS 1 about immaterial information.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group's consolidated financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances, unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlled interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to Owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in consolidated income statement.

This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated income statement.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to consolidated income statement where appropriate.

2.2 Consolidation (continued)

(c) Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the Company are accounted using predecessor accounting. The assets and liabilities acquired are recognised at the carrying amounts on the date of acquisition and no adjustments are made to reflect the fair values. Any difference between the consideration given for the acquisition and carrying value of assets and liabilities acquired is recognised directly in equity. No goodwill is recognised as a result of the combination

2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is computed using the straight-line method at rates calculated to allocate the cost of assets to their residual values over their estimated useful lives, as follows:

	Years
Buildings	20 - 25
Plant and machinery	3 - 12
Furniture and fixtures	10
Computer and office equipment	4 - 6
Motor vehicles	5 - 6

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within the consolidated income statement.

Capital work in progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with Group's policy.

2.4 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2. Summary of significant accounting policies (continued)

2.4 Intangible assets (continued)

(b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives ranging from five to eight years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product; it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate intangible assets category and amortised in accordance with Group's policy.

2.5 Right-of-use assets

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

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of- use asset is depreciated over the underlying asset's useful life.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets as those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the cash flows that whether 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. Management determines the classification of its financial assets at initial recognition.

2.7 Financial assets (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated income statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

(d) Impairment of financial assets

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 4 for further details.

2. Summary of significant accounting policies (continued)

2.8 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventory comprises the cost of purchase and other costs incurred in bringing the inventory to its present location and condition. It excludes borrowing cost.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group's trade receivables are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due Refer note 4(a) and 4(b) for details

2. Summary of significant accounting policies (continued)

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method

2.14 Borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the bank borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated 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 consolidated income statement as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in consolidated income statement, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.15 Leases

The Group leases, offices, staff accommodations and, warehouses, equipment and other assets. Contracts are typically made for fixed periods up to 25 years but may have extension options. Leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Group. 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:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable by the company under end of lease terms,
- and the exercise of a purchase option if the company is reasonably certain to exercise that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of liability.

2.15 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the company's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such an extension option, or not to exercise such an option. Extension options are included in the lease liability calculations, only if the lease term is reasonably certain to be extended. The lease term is reassessed if an option is exercised or the company becomes obliged to exercise it. The reassessment of reasonably certainty is only revised, if a significant event or a significant change in circumstance occurs, which affects this assessment, and that is within the control of the Group.

The Group initially estimates and recognises amounts expected to be payable under end of lease terms as part of the lease liability. Management exercises a significant level of judgement in arriving at estimates for the costs to be incurred and recognised in the right-of-use assets, as explained in the above provision for maintenance costs.

2.16 Provision for employees' benefits

A provision is made for the estimated liability for employees' employed in the UAE for their entitlements to annual leave and leave passage as a result of services rendered by the employees up to the reporting date. A provision is also made for the full amount of the end of service benefits, using actuarial techniques, due to employees in accordance with the UAE Labour Law.

The Group employs a firm of independent actuaries to determine the value of employee benefits as at the reporting date, using actuarial techniques including the Projected Unit Credit Method. The present value of the employees' end of service benefit liability is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The liability for leave salary, leave passage and end of service benefits at the end of the year, and the charge for the year on account of these benefits have been recorded in line with the recommendations of the actuaries.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to employees' end of service benefits is disclosed as a non-current liability.

2.17 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates and other sales taxes or duty. The following specific recognition criteria must also be met before the revenue is recognised:

2. Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

(i) Revenue from rendering of services

As per the new policy, the Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

- *Identify the contract(s) with a customer:* A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- *Identify the performance obligations in the contract:* A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- *Determine the transaction price:* The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- *Allocate the transaction price to the performance obligations in the contract:* For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs
- The Group's performance creates or enhances an asset that the customer controls as the asset is created on enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and entity has an enforceable right to payment for the performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The specific recognition criteria for each of the revenue streams is described below:

Human resource outsourcing

Human resource outsourcing includes revenue from manpower services, aviation and logistics and workforce solutions. Revenue from these services is recognised overtime in the accounting period in which the services are rendered as the customer receives and uses the benefits simultaneously. This is determined based on the actual hours worked during that period.

Managed Services

Managed services include revenue from facilities management and security services. Revenue from these services is recognised overtime in the accounting period in which the services are rendered as the customer receives and uses the benefits simultaneously. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period. For other contracts, revenue is recognised based on the actual hours worked during that period.

Cash Services

Cash Services included revenue from money and valuables transport services, cash management and ATM services for various banks including cash and consumables replenishment. Revenue from these services is recognised overtime in the accounting period in which the services are rendered as the customer receives and uses the benefits simultaneously.

2.19 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.20 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United Arab Emirates Dirham ('AED'), which is the Company's functional and Group's presentation currency.

(b) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other income - net'.

The results and financial position of the subsidiaries are included in the consolidated financial statements in AED which is also the subsidiaries' functional currency.

2.21 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

3. Financial risk management

3.1 Financial risk factors

The Group's activity exposes it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group's exposure to foreign currency risk is minimal as the majority of its transactions are denominated in the Company's functional currency or in a currency pegged to the Company's functional currency.

(ii) Price risk

The Group has no exposure to price risk as it has no price sensitive financial instruments.

(iii) Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk arises from its borrowings with variable interest rates.

The table below indicates the interest rate exposure on borrowings with variable interest rates at 31 March 2020 and 2019. The analysis calculates the increase/(decrease) on the consolidated income statement of a reasonably possible movement in interest rate:

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(iii) Cash flow and fair value interest rate risk (continued)

Interest Costs	2020 AED	2019 AED
+100 basis points	7,818,475	6,456,183
-100 basis points	(7,818,475)	(6,456,183)

The Group's exposure to fair value interest rate risk arises from borrowings with fixed interest rates. Currently, the Group does not hedge the risk arising from its borrowings. However, the fair value interest rate risk does not exist as all of the Group's borrowings are based on variable interest rates.

(b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables (excluding prepayments and advances to suppliers), due from related parties and bank balances. The Group assesses the credit quality of the customer taking into account its financial position, past experience and other factors. It also has formal procedures to follow-up and monitor trade debtors.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Significant amount of trade receivables of the Group are reputed and financially sound companies, which in the opinion of management reduces credit risk. Management constantly reviews and assesses the credit as well as business risk of having such a significant exposure to a single client.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, ownership pattern, industry profile, geographic location, maturity and existence of previous financial difficulties.

Cash at bank comprises of balances with commercial banks. Credit ratings of these commercial banks have been obtained from Moody's Corporation ('Moody's'). The table below analyses the balances with the banks at the reporting date.

Banks	*Moody's Rating*	*2020 AED*	*2019 AED*
A	ba1	50,039,746	22,807,964
B	baa2	2,746,065	381,945
C	a1	1,914,017	794,676
D	baa3	1,297,151	1,495,029
E	ba1	999,448	980,742
F	baa3	858,034	2,066,698
G	ba1	813,878	1,273,859
H	a3	571,755	776,704
I	ba2	457,835	364,277
J	ba2	431,827	432,352
K	*	367,453	5,344,385
L	ba1	336,800	645,825
M	baa3	330,463	172,239
N	*	328,378	328,378
O	ba2	322,394	271,011
		61,815,244	**38,136,084**

*Not rated - Balances maintained with certain UAE banks with no formal credit rating. However, management views these banks to be high quality financial institutions.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit limits. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year AED	**Between 1 year and 2 years AED**	**Between 2 years and 5 years AED**	**Over 5 years AED**	**Contractual cash flows AED**	**Carrying amount AED**
At 31 March 2020						
Borrowings	180,167,326	87,028,644	246,702,157	412,701,214	926,599,341	800,900,039
Lease liabilities	88,834,822	71,302,495	59,563,440	20,918,440	240,619,197	218,040,079
Trade and other payables (excluding advances from customers and VAT payable) (Note 12)	386,548,788	-	-	-	386,548,788	386,548,788
Due to related parties (Note 10)	1,161,053	-	-	-	1,161,053	1,161,053
	656,711,989	158,331,139	306,265,597	433,619,6546	1,554,928,379	1,406,649,959
At 31 March 2019						
Borrowings	207,005,058	121,668,685	250,184,847	326,046,226	904,904,816	762,795,101
Trade and other payables (excluding advances from customers and VAT payable) (Note 12)	454,664,429	-	-	-	454,664,429	454,664,429
Due to related parties (Note 10)	149,986	-	-	-	149,986	149,986
	661,819,473	121,668,685	250,184,847	326,046,226	1,359,719,231	1,217,609,516

3. Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current amounts as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as 'total equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio at 31 March 2020 and 2019 was as follows:

	2020 *AED*	*2019* *AED*
Borrowings (Note 13)	800,900,039	762,795,101
Lease liabilities (Note 7)	218,040,079	-
Less: cash and bank balances (Note 11)	(65,200,550)	(38,285,925)
Net debt	953,739,568	724,509,176
Total equity	842,793,190	696,823,449
Total capital	1,796,532,758	1,421,332,625
Gearing ratio	53%	51%

3.3 Fair value estimation

The carrying value of the Group's financial assets and financial liabilities as at 31 March 2020 and 2019 approximate their value.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and due from related parties.

To measure the expected credit losses, trade receivables and due from related parties are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 March 2020 and 2019. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the provision for impairment of trade receivables and due from related parties as at 31 March 2020 and 2019 was determined as follows:

4. Critical accounting estimates and judgements

(b) Impairment of financial assets (continued)

Trade receivables

31 March 2020

Age Category	*Loss %*	*Gross carrying amount*	*Provision*
		AED	AED
0 - 30 days	0.79%	154,494,279	1,228,058
31 - 60 days	1.56%	80,252,307	1,249,172
61 - 90 days	3.95%	34,657,135	1,367,770
91 - 120 days	7.93%	12,704,386	1,007,441
121 - 150 days	13.23%	14,110,881	1,866,310
151 - 180 days	18.76%	3,196,818	599,657
181 - 210 days	24.19%	10,833,458	2,620,958
211 - 240 days	25.81%	4,197,677	1,083,622
241 - 270 days	30.25%	2,461,061	744,415
271 - 300 days	35.23%	3,957,394	1,394,327
301 - 330 days	43.63%	14,519,263	6,334,412
331 - 360 days	45.72%	4,554,781	2,082,282
360+ Days	52.58%	103,800,176	54,585,821
		443,739,616	**76,163,955**

31 March 2019

Age Category	*Loss %*	*Gross carrying amount*	*Provision*
		AED	AED
0 - 30 days	0.97%	171,773,608	1,666,439
31 - 60 days	1.83%	105,839,280	1,933,442
61 - 90 days	3.65%	28,309,425	1,033,760
91 - 120 days	6.83%	12,763,671	872,375
121 - 150 days	11.40%	14,683,014	1,673,762
151 - 180 days	18.36%	10,590,023	1,943,921
181 - 210 days	29.32%	7,250,770	2,126,199
211 - 240 days	32.94%	11,784,738	3,882,377
241 - 270 days	37.13%	6,492,912	2,410,793
271 - 300 days	41.43%	9,213,628	3,816,922
301 - 330 days	44.28%	9,381,672	4,153,766
331 - 360 days	48.60%	6,294,809	3,059,485
360+ Days	60.14%	49,606,452	29,835,771
		443,984,002	**58,409,012**

Due from related parties:

31 March 2020

Age Category	*Loss %*	*Gross carrying amount*	*Provision*
		AED	AED
0 - 30 days	0.78%	50,627,580	393,894
31 - 60 days	1.56%	1,331,997	20,733
61 - 90 days	3.95%	171,393	6,764
91 - 120 days	7.93%	509,123	38,961
121 - 150 days	13.23%	-	-
151 - 180 days	18.76%	1,487	279
181 - 210 days	24.19%	-	-
211 - 240 days	25.81%	2,330	601
241 - 270 days	30.25%	6,279	1,899
271 - 300 days	35.23%	88,634	31,229
301 - 330 days	43.63%	14,784	6,450
331 - 360 days	45.72%	41,526	18,984
360+ Days	51.04%	10,960,854	5,593,908
		63,755,987	**6,113,702**

31 March 2019

Age Category	*Loss %*	*Gross carrying amount*	*Provision*
		AED	AED
0 - 30 days	0.95%	37,248,207	352,264
31 - 60 days	1.83%	16,716,280	305,368
61 - 90 days	3.65%	246,413	8,998
91 - 120 days	6.83%	6,308,708	431,189
121 - 150 days	11.40%	2,604,742	296,922
151 - 180 days	18.36%	1,982,713	363,950
181 - 210 days	29.32%	126,168	36,997
211 - 240 days	32.94%	-	-
241 - 270 days	37.13%	76,303	28,331
271 - 300 days	41.43%	92,159	38,179
301 - 330 days	44.28%	-	-
331 - 360 days	48.60%	830	404
360+ Days	52.22%	2,302,156	1,202,299
		67,704,679	**3,064,901**

4. Critical accounting estimates and judgements (continued)

(b) Useful lives of property, plant and equipment

Management assigns useful lives and residual values to property, plant and equipment based on the intended use and the economic lives of those assets. Subsequent changes in circumstances could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

(c) Provision for employees' end of service benefits

The present value of employees' end of service benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for end of service benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of end of service benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the end of service benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related end of service benefits obligation.

Other key assumptions for end of service benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

(d) Impairment assessment of goodwill

The Group tests annually whether the goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.4. Management also assesses the impairment of goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include evidence that no profits or cash flows will be generated from the related asset.

4. Critical accounting estimates and judgements (continued)

(d) Impairment assessment of goodwill (continued)

The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 6).

If the budgeted cash flows used in the value-in-use calculation for the Group had been 5% lower than management's estimates at 31 March 2020, the Group would not have recognised impairment on goodwill.

If the estimated weighted average cost of capital ("WACC") used in the value-in-use calculation for the Group had been 1% higher than management's estimates at 31 March 2020, the Group would not have recognised impairment on goodwill.

5. Property, plant and equipment

	Land and buildings AED	Plant and machinery AED	Furniture and fixtures AED	Computer and office equipment AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost							
At 1 April 2018	260,811,540	98,368,988	75,618,403	35,548,632	68,740,447	94,494,723	633,582,733
Additions	180,016,841	47,065,584	5,720,512	7,344,536	2,650,293	249,619,452	492,417,218
Acquisition of subsidiary (Note 27)	-	384,773	235,420	38,858	6,840,949	-	7,500,000
Transfer	-	3,151,000	4,119,564	-	-	(7,270,564)	-
Disposals	(12,480,000)	(8,862,913)	(1,186,975)	(45,970)	(313,507)	(1,690,803)	(24,580,168)
As at 31 March 2019	428,348,381	140,107,432	84,506,924	42,886,056	77,918,182	335,152,808	1,108,919,783
Additions	8,666,868	18,621,958	14,170,766	3,917,809	29,950,443	152,728,703	228,056,547
Transfer	-	17,264,448	7,004,709	400,304	436,000	(25,105,461)	-
Disposals	-	(534,610)	(1,519,974)	(99,036)	(5,989,494)	-	(8,143,114)
As at 31 March 2020	**437,015,249**	**175,459,228**	**104,162,425**	**47,105,133**	**102,315,131**	**462,776,050**	**1,328,833,216**
Accumulated depreciation and impairment							
At 1 April 2018	2,772,333	26,886,412	28,576,290	25,036,137	35,788,948	-	119,060,120
Charge for the year	6,219,187	11,469,333	8,449,302	4,460,666	8,244,186	-	38,842,674
Impairment (Note 23)	-	-	-	-	-	1,797,000	1,797,000
Disposals	-	(6,345,349)	(383,210)	(28,384)	(210,827)	-	(6,967,770)
As at 31 March 2019	8,991,520	32,010,396	36,642,382	29,468,419	43,822,307	1,797,000	152,732,024
Charge for the year	10,124,934	17,438,744	10,766,057	5,937,875	14,811,457	-	59,079,067
Disposals	-	(315,501)	(266,730)	(30,807)	(4,249,378)	-	(4,862,416)
As at 31 March 2020	**19,116,454**	**49,133,639**	**47,141,709**	**35,375,487**	**54,384,386**	**1,797,000**	**206,948,675**
Net book value							
As at 31 March 2020	**417,898,795**	**126,325,589**	**57,020,716**	**11,729,646**	**47,930,745**	**460,979,050**	**1,121,884,541**
As at 31 March 2019	419,356,861	108,097,036	47,864,542	13,417,637	34,095,875	333,355,808	956,187,759

Certain buildings having a carrying amount of AED 1,483,679 (2019: AED 1,654,496) have been built over the leasehold land. The leases are expected to get renewed upon its expiry.

Depreciation expense has been allocated as follows:

	Note	*2020 AED*	*2019 AED*
Direct costs	19	42,375,135	25,967,560
Administrative expenses	20	16,703,932	12,875,114
		59,079,067	38,842,674

Refer Note 13 for details of property pledged as security by the Group.

6. Intangible assets

	Computer software AED	Capital work in progress AED	Goodwill AED	Total AED
Cost				
At 1 April 2019	54,274,664	12,599,968	42,618,528	109,493,160
Additions	557,599	6,827,995	-	7,385,594
Write off	(1,266,024)	-	-	(1,266,024)
Transfer	9,882,095	(9,882,095)	-	-
As at 31 March 2020	**63,448,334**	**9,545,868**	**42,618,528**	**115,612,730**
Accumulated amortisation				
At 1 April 2019	37,974,273	-	-	37,974,273
Charge for the year (Note 19)	8,599,259	-	-	8,599,259
As at 31 March 2020	46,573,532	-	-	46,573,532
Net book value as at 31 March 2020	**16,874,802**	**9,545,868**	**42,618,528**	**69,039,198**
Cost				
At 1 April 2018	56,069,565	5,509,188	36,032,634	97,611,387
Additions	555,710	7,277,893	6,585,894	14,419,497
Write off	(2,537,724)	-	-	(2,537,724)
Transfer	187,113	(187,113)	-	-
As at 31 March 2019	**54,274,664**	**12,599,968**	**42,618,528**	**109,493,160**
Accumulated Amortisation				
At 1 April 2018	31,190,309	-	-	31,190,309
Charge for the year (Note 19)	8,362,881	-	-	8,362,881
Write off	(1,578,917)	-	-	(1,578,917)
As at 31 March 2019	37,974,273	-	-	37,974,273
Net book value as at 31 March 2019	**16,300,391**	**12,599,968**	**42,618,528**	**71,518,887**

The Group's goodwill value relates to CASS International Trading LLC ("CASS") and Transguard Cash Services LLC with carrying values of AED 36,032,634 and AED 6,585,894, respectively (Note 27).

Goodwill has been tested for impairment using value in use model. The recoverable amount has been determined using discounted cash flow projections. Management has adopted a 5 year period to assess its value in use. Cash flows beyond the 5 year periods are extrapolated using the estimated growth rates stated below.

6. Intangible assets (continued)

Key assumptions used in value in use calculations

Key assumptions used in value in use calculations:

	2020	*2019*
Growth rate	5%	5%
Discount rate	6.62%	7.13%

Growth rate: estimates are based on management's assessment of market share having regard to forecasted economic growth in the UAE and the demand for CASS's and Transguard Cash Services LLC's services.

Discount rate: : reflects the current estimated weighted average cost of capital ("WACC") of the Group.

Based on the value in use calculations no impairment of goodwill was identified. Management is of the opinion that it is unlikely there would be any material change in any of the key assumptions that would cause the recoverable amount of CASS or Transguard Cash Services LLC to fall below their respective carrying values, after having given due consideration to the economic outlook and the commercial assumptions underpinning the cash flow forecasts.

7. Right-of-use assets and lease liabilities

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

Right of use assets

The movement of the right-of-use asset is summarised as follows:

	AED
Net book value	
At 1 April 2019	-
Adoption of IFRS 16 (Note 29)	459,006,527
At 1 April 2019 - Restated	459,006,527
Additions	56,307,799
Retirement	(85,546,328)
Depreciation of right-of-use assets (Note 19)	(104,065,814)
Net book value as at 31 March 2020	325,702,184

Lease liabilities

	Future minimum lease payments AED	Interest AED	Present value of minimum lease payment AED
At 31 March 2020			
Current			
Within one year	88,834,822	7,832,700	81,002,122
Non-current			
Between 1 to 2 years	71,302,495	4,523,866	66,778,629
Between 2 to 5 years	59,563,440	5,301,308	54,262,132
Over 5 years	20,918,440	4,921,244	15,997,196
	151,784,375	14,746,418	137,037,957
Total	240,619,197	22,579,118	218,040,079

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2020 AED
Depreciation charge of right-of-use assets (Note 19)	104,065,814
Interest expense (Note 24)	12,061,976

The total cash outflow for leases during the year was AED 102,371,267.

Until the 31 March 2019, all the leases of offices were classified as operating leases (refer Note 2.15 for details)

8. Investment in subsidiaries

On 2 February 2011, the Company incorporated a wholly owned subsidiary, Transguard Cash LLC ("TG Cash") through transfer of specific assets and liabilities of the Company's Cash Generating Unit ("Cash Services operation") to TG Cash.

Pursuant to its formation, the Company entered into a strategic alliance with Network International LLC, in order to facilitate the provision of 'managed end-to-end Automated Teller Machines ("ATM") services' to the Group's customers, through issuance of 50% equity interest in the TG Cash. This equity interest in TG Cash was issued for a cash consideration of AED 132,500,000.

Currently, the share capital of TG Cash is owned equally by the Company and Network International LLC. However, as per a management agreement, the Company has the sole right to manage and the power to govern and control the financial and operating policies of TG Cash and has exposure to the variable returns from its involvement with TG Cash.

On 30 June 2015, the Company acquired 99% controlling interest in CASS for a cash consideration of AED 35,000,000. The Group has 100% beneficial ownership of the subsidiary (Note 27).

On 20 December 2018, TG Cash acquired 100% controlling and beneficial interest in G4S Cash Services LLC for a consideration of AED 16,114,335. Subsequent to the acquisition, the name of G4S Cash Services LLC was changed to Transguard Cash Services LLC (Note 27).

Subsidiary company	*Percentage of equity owned by the Group*	*Percentage of equity owned by NCI*	*Percentage of beneficial interest owned by the Group*	*Principal activities*	*Country of incorporation*
*Transguard Cash LLC	50%	50%	50%	Providing cash management services including secure and safe movement of cash and documents and ATM services to banks.	UAE
*Transguard Cash Services LLC	50%	50%	50%	Providing cash management services including secure and safe movement of cash and documents and ATM services to banks.	UAE
CASS International Trading LLC	99%	1%	100%	Providing training for aviation and security personnel	UAE

All subsidiary undertakings are included in the consolidation.
* It is considered a subsidiary as it is governed and controlled by the Company.

8. Investment in subsidiaries (continued)

Summarised financial information for each subsidiary that has non-controlling interests is shown below:

	Transguard Cash LLC 2020 AED	2019 AED
Summarised consolidated statement of financial position		
Current		
Assets	127,260,361	127,037,007
Liabilities	(62,214,152)	(88,257,225)
Total current assets – net	65,046,209	38,779,782
Non-current		
Assets	196,773,905	197,969,436
Liabilities	(20,103,945)	(14,290,612)
Total non-current assets – net	176,669,960	183,678,824
Net assets	241,716,169	222,458,606
Summarised consolidated income statement		
Revenue	371,450,519	315,306,842
Profit for the year	43,010,625	25,796,715
Other comprehensive loss	(3,260,000)	(260,000)
Total comprehensive income	39,750,625	25,536,715
Total comprehensive income allocated to non-controlling interests	19,875,313	12,768,358
Summarised consolidated cash flows		
Net cash generated from operating activities	38,884,201	100,795,390
Net cash used in investing activities	(26,801,976)	(90,849,324)
Net cash used in financing activities	(11,407,329)	(10,000,000)
Net increase / (decrease) in cash and cash equivalents	674,896	(53,934)
Cash and cash equivalents at beginning of year	211,253	265,187
Cash and cash equivalents at end of year	886,149	211,253

The information above represents amounts before intercompany eliminations.

9. Trade and other receivables

	2020 AED	*2019 AED*
Trade receivables	443,739,616	443,984,002
Provision for impairment of trade receivables	(76,146,245)	(58,409,012)
Trade receivables - net	**367,575,661**	**385,574,990**
Prepayments	113,306,248	228,049,255
Accrued income	188,470,739	213,382,273
Advances to suppliers	38,509,208	29,276,235
Other receivables	29,391,273	44,698,534
	737,253,129	**900,981,287**
Long term portion of prepayments	-	(116,743,188)
	737,253,129	**784,238,099**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within a maximum of 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Notes 2.7 and 4 (a).

A provision has been made for the estimated impairment amounts of trade and other receivables of AED 76,146,246 (2019: AED 58,409,012). This provision has been determined based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's historical credit losses, existing market conditions as well as forward looking estimates at the end of each reporting period.

Movement in the Group's provision for impairment of trade receivables are as follows:

	2020 AED	*2019 AED*
Balance as at 1 April - calculated under IAS 39	58,409,012	23,418,299
Impact of changes in accounting policy	-	5,055,716
Restated balance at 1 April - calculated under IFRS 9	58,409,012	28,474,015
Provision for impairment of trade receivables (Note 21)	17,754,943	33,422,310
Acquisition of a subsidiary	-	1,277,357
Write off	-	(4,764,670)
Closing balance	**76,163,955**	**58,409,012**

The creation and release of provision for impaired receivables during the year have been recognised in the consolidated income statement under 'Impairment losses - net'. Amounts charged to the provision account are written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables.

The Group's customers are based in the UAE. At 31 March 2020, five customers (2019: five customers) accounted for 22% (2019: 17%) of the total trade receivables. Management is confident that this concentration of credit risk will not result in a loss to the business.

The carrying amount of the Group's trade and other receivables at 31 March 2020 and 2019 are denominated in AED.

The fair values of trade and other receivables approximate to their carrying amounts as at 31 March 2020 and 2019. The Group does not hold any collateral as security. The other classes within trade and other receivables do not contain impaired assets.

Included within trade and other receivables are 'Prepayments' and 'Accrued income' amounting to Nil (2019: AED 116,743,188) and AED 41,150,996 (2019: AED 44,546,436), respectively, pertaining to related parties, arising from transactions disclosed in Note 10.

10. Related party balances and transactions

Related parties include Company's shareholders, subsidiaries, fellow subsidiaries or Directors and businesses controlled by the shareholders, subsidiaries, fellow subsidiaries or Directors or over which they exercise a significant management influence and key management personnel ("affiliates").

	2020 AED	2019 AED
Due from related parties		
Shareholders and entities related to shareholders	63,164,465	65,156,638
Affiliates	591,521	2,548,041
	63,755,986	67,704,679
Less: provision for impairment of due from related parties	(6,113,701)	(3,064,901)
	57,642,285	64,639,778

Movement in the Group's provision for impairment of balances due from related parties are as follows:

	2020 AED	2019 AED
Balance as at 1 April ' calculated under IAS 39	3,064,901	62,452
Impact of changes in accounting policy	-	1,692,328
Restated balance at 1 April ' calculated under IFRS 9	3,064,901	1,754,780
Provision / 'reversal of provision' for impairment of balances due from related parties (Note 21)	3,048,800	1,310,121
Closing balance	6,113,701	3,064,901
Due to related parties		
Shareholders and entities related to shareholders	1,161,053	149,986

The above balances arose from transactions in the normal course of business and are unsecured, non-interest bearing and will be settled within 12 months.

Related party transactions

During the year, the Group entered into the following significant transactions with related parties in the ordinary course of business. These transactions were carried out at prices and on terms applicable to non-related parties for similar transactions.

	2020 AED	2019 AED
Sales to affiliates	599,759,459	569,297,648
Purchases from affiliates	5,873,634	5,269,145
Rent and utilities payment to affiliates	43,120,391	30,540,353
Key management compensation		
Salaries and other benefits	7,328,139	8,445,856
End of service benefits	563,518	151,199
	7,891,657	8,597,055

The closing balances arising from certain transactions are shown under 'Prepayments' and 'Accrued income' in Note 9.

11. Cash and cash equivalents

	2020 AED	2019 AED
Cash on hand	3,385,306	149,841
Cash at bank	61,815,244	38,136,084
Cash and bank balances	65,200,550	38,285,925

Bank balances are held in current accounts with locally incorporated banks and branches of international banks.

12. Trade and other payables

	2020 AED	2019 AED
Trade payables	90,293,831	87,051,754
Accrued expenses	86,645,996	118,531,187
Accrued salaries	86,919,346	104,472,202
Provision for leave salary and leave passage	69,569,000	77,654,346
Retention payable	19,855,330	22,350,370
VAT payable	8,796,828	8,488,360
Advances from customers	489,000	2,932,102
Other payables and accruals	33,265,285	44,604,570
	395,834,616	**466,084,891**

13. Borrowings

	2020 AED	2019 AED
Non-current		
Term loans	649,223,163	587,763,198
Current		
Term loans	53,001,474	70,311,681
Revolving loans	73,000,000	70,000,000
Trade finance	25,675,402	34,720,222
	151,676,876	175,031,903
Total borrowings	**800,900,039**	**762,795,101**

The carrying amounts of the Group's borrowings are denominated in United Arab Emirates Dirham ('AED').

Borrowings include term loans with repayment terms up to 8 years, short term revolving loans, and bank overdraft. The Group has complied with the financial covenants of its borrowing facilities during the years ended 31 March 2020 and 2019. Borrowings carry variable interest rates that are in line with current market terms.

Total borrowings include secured borrowings of AED 547,751,470 (2019: AED 463,023,334). Bank borrowings are secured by the land and buildings of the Group (Note 5).

Net debt reconciliation

	2020 AED	2019 AED
Cash and bank balances (Note 11)	65,200,550	38,285,925
Borrowings	(151,676,876)	(175,031,903)
Borrowings – due after one year	(649,223,163)	(587,763,198)
Lease liabilities	(81,002,122)	-
Lease liabilities - due after one year	(137,037,957)	-
	(953,739,568)	(724,509,176)
Cash and bank balances (Note 11)	65,200,550	38,285,925
Gross debt – variable interest rates	(800,900,039)	(762,795,101)
Gross debt – fixed interest rates	(218,040,079)	-
	(953,739,568)	**(724,509,176)**

13. Borrowings (continued)

	Liabilities from financing activities					
	Cash and cash equivalents AED	Borrowing due within one year AED	Borrowing due after one year AED	Lease liabilities due within one year AED	Lease liabilities due after one year AED	Total AED
Balance at 1 April 2018	27,080,969	(360,774,299)	(160,624,035)	-	-	(494,317,365)
Cash flows	11,204,956	185,742,396	(427,139,163)	-	-	(230,191,811)
Balance at 31 March 2019	38,285,925	(175,031,903)	(587,763,198)	-	-	(724,509,176)
Impact of adoption of IFRS 16	-	-	-	(119,817,769)	(233,240,800)	(353,058,569)
Balance at 31 March 2019 - Restated	38,285,925	(175,031,903)	(587,763,198)	(119,817,769)	(233,240,800)	(1,077,567,745)
Cash flows	26,914,625	23,355,027	(61,459,965)	38,815,647	96,202,843	123,828,177
Balance at 31 March 2020	65,200,550	(151,676,876)	(649,223,163)	(81,002,122)	(137,037,957)	(953,739,568)

The Group has undrawn facilities amounting to AED 823,268,665 (2019: AED 1,388,910,970).

The movement in borrowings (excluding bank overdrafts) is as follows:

	2020 AED	*2019 AED*
Opening balance	762,795,101	521,398,334
Additions during the year	219,973,626	651,123,458
Payments during the year	(181,868,688)	(409,726,691)
Closing balance	800,900,039	762,795,101

14. Share capital

Share capital comprises 300 (2019: 300) authorised, issued and paid up shares of AED 1,000 each amounting to AED 300,000 (2019: AED 300,000)

15. Legal reserve

In accordance with the UAE Federal Law No. (2) of 2015, and the Company's Articles of Association, 10% of the net profit of the Company for the year is transferred to a non-distributable legal reserve. Such transfers are required to be made until the reserve is equal to at least 50% of the paid-up capital of the Company. Since the legal reserve of the Company is already equal to 50% of the share capital, no additional amounts have been transferred to the legal reserve during the year.

16. Contributed capital

Contributed capital represents amounts contributed by dnata and is not repayable.

17. Provision for employees' end of service benefits

Reconciliation of provision for employees' end of service benefits:

	2020 AED	*2019 AED*
Present value of employees' end of service benefits	125,853,825	110,259,730
The movement in the net liability over the year is as follows:	*2020 AED*	*2019 AED*
Opening balance	110,259,730	101,274,738
Charge for the year (Note 22)	43,952,763	41,511,105
Remeasurement of retirement benefit obligations	4,238,000	(6,307,000)
Liabilities transferred from / (to) customers	116,000	(109,000)
Benefits paid	(32,712,668)	(26,110,113)
Closing balance	125,853,825	110,259,730

The amounts recognised in the consolidated income statement are as follows:

	2020 AED	*2019 AED*
Current service cost	38,755,763	36,934,105
Interest cost	5,197,000	4,577,000
	43,952,763	41,511,105

Charge of AED 43,952,763 (2019: AED 41,511,105) (Note 22) was included in 'direct costs' and 'administrative expenses' amounting to AED 35,068,710 (2019: AED 33,253,011) and AED 8,884,053 (2019: AED 8,258,094) respectively.

The principal actuarial assumptions were as follows:

	2020 AED	*2019 AED*
Valuation discount rate	3.9% per annum	4.8% per annum
Salary increase rate	5% per annum	5% per annum

Sensitivity analysis of financial assumptions:

The sensitivity of the overall employees' end of service benefits liability to changes in the principal financial assumptions is as follows:

	Impact on employees' end of service benefits liability		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.1%	Decrease by 1.70%	Increase by 1.70%
Salary increase rate	0.1%	Increase by 0.70%	Decrease by 0.70%

Sensitivity analysis of demographic assumptions:

The sensitivity of the overall employees' end of service benefits liability to changes in the principal demographic assumptions is as follows:

	Impact on employees' end of service benefits liability		
	Change in assumption	Increase in assumption	Decrease in assumption
Withdrawal rate	10%	Increase by 0.50%	Decrease by 0.50%

18. Revenue

The Group recognise the revenue over time during the year as follows:

	2020 AED	2019 AED
Human resource outsourcing	1,542,691,998	1,570,384,516
Managed services	640,067,557	692,926,440
Cash services	371,372,830	315,306,842
	2,554,132,385	2,578,617,798

Human resource outsourcing includes revenue from manpower services, aviation and logistics and workforce solutions. Managed services include revenue from facilities management and security services.

19. Direct Costs

	2020 AED	2019 AED
Staff costs (Note 22)	1,533,437,259	1,564,779,429
Rent	108,746,813	274,450,004
Depreciation of right-of-use assets (Note 7)	104,065,814	-
Fuel and transportation	92,110,915	87,672,259
Depreciation (Note 5)	42,375,135	25,967,560
Consumables	41,595,159	27,373,149
Visa and immigration	34,310,271	39,340,742
Repairs and maintenance	25,375,499	20,837,989
Staff training expenses	10,849,725	8,549,787
Insurance	9,528,567	7,281,077
Uniforms	9,173,020	8,697,258
Amortisation (Note 6)	8,599,259	8,362,881
Communication expenses	7,749,278	8,338,620
Others	49,522,662	57,441,046
	2,077,439,376	2,139,091,801

20. Administrative expenses

	2020 AED	2019 AED
Staff Costs (Note 21)	132,522,471	138,936,560
Depreciation (Note 5)	16,703,932	12,875,114
Rent	14,489,149	12,779,815
License fees	8,798,434	9,649,475
Information technology expenditure	1,876,837	2,417,136
Fees and subscriptions	2,570,387	1,922,287
Marketing expenses	1,758,137	1,901,060
Stationery and supplies	1,521,194	1,762,006
Office maintenance	427,815	708,861
Business travel	28,943	181,655
Others	1,558,519	3,965,167
	182,255,818	187,099,136

No social contributions were made during the years ended 31 March 2020 and 2019.

21. Impairment losses on financial assets - net

	2020 AED	2019 AED
Provision for impairment of trade receivables (Note 9)	17,754,943	33,422,310
Provision for impairment of balances due from related parties (Note 10)	3,048,800	1,310,121
	20,803,743	34,732,431

22. Staff costs

	2020 AED	2019 AED
Salaries and wages	1,471,841,547	1,493,133,997
Leave salary and passage	83,120,484	89,635,805
End of service benefits (Note 17)	43,952,763	41,511,105
Other benefits	67,044,936	79,435,082
	1,665,959,730	1,703,715,989
Staff costs are allocated as follows:		
Direct costs (Note 19)	1,533,437,259	1,564,779,429
Administrative expenses (Note 20)	132,522,471	138,936,560
	1,665,959,730	1,703,715,989

23. Other income – net

	2020 AED	2019 AED
Foreign exchange (loss) / gains	(27,933)	1,671,480
Gain on disposal of property, plant and equipment	1,066,774	1,493,512
Gain on retirement of leases	3,929,905	-
Impairment of property, plant and equipment (Note 5)	-	(1,797,000)
Write off of intangible asset (Note 6)	(1,266,024)	(958,807)
Others	1,748,013	144,574
	5,450,735	553,759

24. Finance costs

	2020 AED	2019 AED
Interest expense on lease liabilities	12,061,976	-
Interest expense on borrowings	11,938,839	18,569,602
	24,000,815	18,569,602

25. Contingencies and commitments

	2020 AED	2019 AED
Guarantees	34,307,038	23,735,873

The above were issued by the banks in the normal course of business.

(a) Operating commitments

The Group leases office building and labour camps under operating lease agreements. The future minimum lease payments under the lease are as follows. These leases do not meet the definition of 'Lease" under IFRS 16:

	2020 AED	2019 AED
Not later than 1 year	30,937,951	131,004,223
Later than 1 year and not later than 5 years	35,856,512	142,329,441
Over 5 years	173,190	346,380
	66,967,653	273,680,044

26. Dividend

Dividend of AED 70,000,000 (AED 233,333 per share) (2019: AED 72,000,000 – AED 240,000 per share) has been approved by the Board of Directors and paid during the year to the shareholders of the Company.

27. Business combination

a) Acquisition of Transguard Cash Services LLC

On 20 December 2018, TG Cash acquired 100% legal and beneficial ownership of G4S Cash Services LLC for a cash consideration of AED 16,114,335. Subsequent to the acquisition, the name of G4S Cash Services LLC was changed to Transguard Cash Services LLC.

27. Business combination (continued)

a) Acquisition of Transguard Cash Services LLC (continued)

The following table summarises the assets acquired and liabilities assumed and the non-controlling interest at the acquisition date:

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value recognised on acquisition AED	Carrying value AED
Consideration paid	16,114,335	-
Less: net identifiable assets		
Property, plant and equipment	(7,500,000)	(7,500,000)
Trade and other receivables	(12,352,519)	(12,352,519)
Inventories	(496,112)	(496,112)
Cash and bank balances	(88,681)	(88,681)
Trade and other payables	5,119,871	5,119,871
Accrued liability – Unfavourable contracts	5,789,000	-
Net identifiable assets acquired	(9,528,441)	(15,317,441)
Goodwill (Note 6)	6,585,894	-

Revenue and profit contribution

Since the date of acquisition, Transguard Cash Services LLC is operating as part of TG Cash, hence the revenues and net profit contributed to the Group for the period from 20 December 2018 to 31 March 2019 is not separately identifiable.

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	*AED*
Cash consideration	16,114,335
Less: cash and bank balances acquired	(88,681)
	16,025,654

b) Acquisition of CASS

On 30 June 2015, the Group acquired 100% beneficial ownership of CASS for a cash consideration of AED 35,000,000.

The following table summarises the assets acquired and liabilities assumed and the non-controlling interest at the acquisition date:

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value recognised on acquisition AED	Carrying value AED
Consideration paid	35,000,000	-
Less: net identifiable assets		
Trade and other receivables	(835,209)	(835,209)
Cash and bank balances	(240,186)	(240,186)
Trade and other payables	2,108,029	2,108,029
Net identifiable liabilities acquired	1,032,634	1,032,634
Goodwill (Note 6)	36,032,634	-

Revenue and profit contribution

The acquired business contributed revenues of AED 5,095,475 and net profit of AED 3,401,523 to the Group for the period from 1 July 2015 to 31 March 2016.

If the acquisition had occurred on 1 April 2015, consolidated pro-forma revenue and profit for the year ended 31 March 2016 would have been AED 6,327,495 and AED 4,139,011 respectively. These amounts have been calculated using the CASS results and adjusting them for:

- differences in the accounting policies between the Group and CASS, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 April 2015.

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	*AED*
Cash consideration	35,000,000
Less: cash and bank balances acquired	(240,186)
	34,759,814

28. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial assets at amortised costs AED	Financial liabilities at amortised cost AED	Total AED
At 31 March 2020			
Financial assets			
Trade and other receivables (excluding prepayments and advances to suppliers)	585,437,673	-	585,437,673
Due from related parties	57,642,285	-	57,642,285
Cash and bank balances	65,200,550	-	65,200,550
	708,280,508	-	708,280,508
Financial liabilities			
Borrowings	-	800,900,039	800,900,039
Lease liabilities	-	218,040,079	218,040,079
Trade and other payables (excluding advances from customers and VAT payable)	-	386,548,788	386,548,788
Due to related parties	-	1,161,053	1,161,053
	-	1,406,649,959	1,406,649,959
At 31 March 2019			
Financial assets			
Trade and other receivables (excluding prepayments and advances to suppliers)	643,655,797	-	643,655,797
Due from related parties	64,639,778	-	64,639,778
Cash and bank balances	38,285,925	-	38,285,925
	746,581,500	-	746,581,500
Financial liabilities			
Borrowings	-	762,795,101	762,795,101
Trade and other payables (excluding advances from customers and VAT payable)	-	454,664,429	454,664,429
Due to related parties	-	149,986	149,986
	-	1,217,609,516	1,217,609,516

29. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 'Leases' on the Group's consolidated financial statements.

The Group has adopted IFRS 16 retrospectively but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new standards are therefore not reflected in the consolidated statement of financial position as at 31 March 2019 but are recognised in the opening retained earnings on 1 April 2019.

On adoption of IFRS 16, the Group has recognised lease liabilities and associated right of use assets in relation to contracts that have been concluded as leases under the principals of IFRS 16. The liabilities were measured at present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 April 2019. The associated right of use assets are measured at the amount equal to lease liability, adjusted by the amount of any prepayments and accrued lease liabilities relating to that lease recognised in the consolidated statement of financial position as at 1 April 2019.

The following table shows reconciliation of operating commitments under IAS 17 to lease liability under IFRS 16 as on 1 January 2019:

	AED
Operating lease commitments disclosed as at 31 March 2019 (Note 25)	273,680,044
Discounted using the Group's incremental borrowing rate	(34,392,250)
Add: adjustments as a result of the different treatment of extension and termination options	180,738,428
Less: short term leases recognised on a straight line basis as expense	(66,967,653)
Lease liability recognised as at 1 April 2019	353,058,569

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 April 2019:

	AED
Right of use assets - increased by	459,006,527
Lease liabilities – increased by	(353,058,569)
Trade and other receivables – decreased by	(130,823,585)

The net impact on retained earnings on 1 April 2019 was a decrease of AED 24,875,627.

30. Impact assessment of COVID-19

On 30 January 2020, the World Health Organisation ("WHO") declared an international health emergency due to the outbreak of coronavirus ("COVID-19"). Since 11 March 2020, the WHO has characterised the spread of the coronavirus as a pandemic. The UAE Government has implemented certain measures in an effort to control the spread, including a lockdown in Dubai during the month of April 2020. These controls have recently been relaxed and the government is systematically re-opening malls, commercial buildings, restaurants etc. Given these uncertainties and lack of visibility the economic outlook for 2020 is currently hard to predict.

COVID-19 impact on measurement of ECL

The IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecast economic conditions. In order to assess the ECL under forecast economic conditions, the Group is utilising a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes.

The Group has reviewed the potential impact of the COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. Notwithstanding this, recognising that the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt, the Group has assessed the impact in ECL measurement. Due to the limitation of availability of information, the Group has adopted a post-model overlaying approach to estimate the ECL. If the post-model overlay factor is increased / decreased by 5%, there will be no material impact on ECL provision.

Business planning and working capital management

Certain segments within the Group have been adversely affected by the impact of the COVID-19 virus and have resulted in a temporary reduction in operations. The Group is closely monitoring the situation and is continuing to implement actions to ensure the continued safety and security of the Group's staff and to maintain an uninterrupted service to its customers. A senior response group with representation from all key functions of the Group has been set up to monitor the COVID-19 situation and is making timely decisions to resolve any concerns. Remote working arrangements are fully implemented, and the majority of the staff are currently working from home. Business Continuity Plans (BCP) for respective areas are in place and tested.

Management is already preparing for the signs of recovery in the economy and has plans in place to remobilize its workforce as and when required. The Group is in continual discussions with all its stakeholders including regular weekly reporting to its shareholders. In this environment, given the importance of liquidity, the Group has also been closely monitoring cash flow and cash forecasts on a weekly basis.

Management has assessed the Group's ability to continue as a going concern and therefore prepared a 12 months cash flow forecast. The forecast shows that the Group would have sufficient net cash inflows within the next twelve months from the reporting date to enable it to meet its obligations without significant curtailment of operations. The Group does not expect to be in breach of any of its debt covenants during this period.

Management is confident that the forecast is reasonable, therefore, it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

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