

**STERLING AND WILSON SAUDI ARABIA LIMITED**  
(Foreign Limited Liability Company)  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021 AND**  
**INDEPENDENT AUDITOR'S REPORT**

**STERLING AND WILSON SAUDI ARABIA LIMITED**  
(Foreign Limited Liability Company)  
**FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of  
Sterling and Wilson Saudi Arabia Limited  
(Foreign Limited Liability Company)**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Sterling and Wilson Saudi Arabia Limited, a Foreign Limited Liability Company (the "Company") which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to note 4.2 in the financial statements, which indicates that the Company incurred a net loss of SR 421,656 during the year ended 31 March 2021 and, as of that date, the Company's current liabilities exceed the total assets by SR 725,931. As stated in Note 4.2, these events or conditions, along with other matters set forth in Note 4.2, indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and Those Charged With Governance ("TCWG") for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and Regulations for Companies and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, in particular the shareholders, are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in Kingdom of Saudi Arabia will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

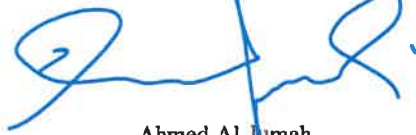
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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

### Report on other legal and regulatory requirements

As at 31 March 2021, the Company's accumulated losses exceeded 50% of its share capital. The Shareholders have resolved to continue with the operations and provide financial support to the Company to meet its obligations as and when required, as stipulated in the Regulations for Companies, however, as at the date of this report, the resolution has not been published.

For Dr. Mohamed Al-Amri & Co.



Ahmed Al-Jumah  
Certified Public Accountant  
Registration No. 621

Riyadh, 5 Dhul- Hijjah 1442 (H)  
Corresponding to: 15 July 2021 (G)



**STERLING AND WILSON SAUDI ARABIA LIMITED**  
(Foreign Limited Liability Company)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	<b>Note</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	<b>6,972</b>	1,025,000
Prepayments		<b>12,034</b>	-
<b>TOTAL ASSETS</b>		<b>19,006</b>	1,025,000
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Due to a related party	8	<b>652,837</b>	1,255,057
Accrued expenses and other liabilities	9	<b>92,100</b>	77,304
		<b>744,937</b>	1,332,361
<b>Non-current liabilities</b>			
Employees' end of service benefits	10	<b>6,832</b>	18,144
<b>TOTAL LIABILITIES</b>		<b>751,769</b>	1,350,505
<b>EQUITY</b>			
Share capital	11	<b>1,000,000</b>	1,000,000
Accumulated losses		<b>(1,732,763)</b>	(1,325,505)
<b>TOTAL EQUITY</b>		<b>(732,763)</b>	(325,505)
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>19,006</b>	1,025,000

The accompanying notes from 1 to 16 form an integral part of these financial statements

**STERLING AND WILSON SAUDI ARABIA LIMITED**  
(Foreign Limited Liability Company)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Note</u>	<u>31 March 2021</u>	<u>31 March 2020</u>
General and administrative expenses	12	(500,058)	(549,162)
Other income		<b>78,402</b>	-
<b>Operating loss</b>		<b>(421,656)</b>	(549,162)
Provision for income tax	13	-	-
<b>Loss for the year</b>		<b>(421,656)</b>	(549,162)
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement of employees' end of service benefits	10	<b>14,398</b>	(10,756)
<b>Other comprehensive income / (loss) for the year</b>		<b>14,398</b>	(10,756)
<b>Total comprehensive loss for the year</b>		<b>(407,258)</b>	(559,918)

The accompanying notes from 1 to 16 form an integral part of these financial statements

**STERLING AND WILSON SAUDI ARABIA LIMITED**  
(Foreign Limited Liability Company)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total</b>
<b>Balance as at 1 April 2019</b>	1,000,000	(765,587)	234,413
Loss for the year	-	(549,162)	(549,162)
Other comprehensive loss for the year	-	(10,756)	(10,756)
Total comprehensive loss for the year	-	(559,918)	(559,918)
<b>Balance as at 31 March 2020</b>	1,000,000	(1,325,505)	(325,505)
Loss for the year	-	(421,656)	(421,656)
Other comprehensive income for the year	-	14,398	14,398
Total comprehensive loss for the year		(407,258)	(407,258)
<b>Balance as at 31 March 2021</b>	<b>1,000,000</b>	<b>(1,732,763)</b>	<b>(732,763)</b>

The accompanying notes from 1 to 16 form an integral part of these financial statements.

**STERLING AND WILSON SAUDI ARABIA LIMITED**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Note</b>	<b>31 March 2021</b>	31 March 2020
<b>Cash flows from operating activities:</b>			
Loss for the year		(421,656)	(549,162)
<i>Adjustments for:</i>			
Employees' end of service benefits provision	10	18,346	(1,515)
		(403,310)	(550,677)
<i>Net changes in working capital:</i>			
Prepayments		(12,034)	-
Trade payables		-	(47,250)
Due to a related party		(602,220)	641,640
Accrued expenses and other liabilities		14,796	(18,713)
<b>Net cash (used in) / generated from operations</b>		<b>(1,002,768)</b>	25,000
Employees' end of service benefits paid	10	(15,260)	-
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,018,028)</b>	25,000
<b>Net changes in cash and cash equivalents</b>			
		<b>(1,018,028)</b>	25,000
Cash and cash equivalents at the beginning of the year		1,025,000	1,000,000
<b>Cash and cash equivalents at the end of the year</b>	7	<b>6,972</b>	1,025,000

The accompanying notes from 1 to 16 form an integral part of these financial statements.



**STERLING AND WILSON SAUDI ARABIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**1. LEGAL STATUS AND NATURE OF BUSINESS**

Sterling and Wilson Saudi Arabia Limited is a Foreign limited liability Company (the “Company”) incorporated under commercial registration No. 1010466378, dated 15 Rabi Al-Awal 1438H corresponding to 14 March 2016G.

The principal activities of the Company is construction of electrical and mechanical works in accordance with foreign investment license (SAGIA) number 10604361135077, dated 8 Dhul Qiddah 1436H corresponding to 23 August 2015G.

The Company’s registered office is in Riyadh, Kingdom of Saudi Arabia.

**1.2 Impact of COVID-9**

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives, but has also adversely impacted the global economy. On 20 March 2020, the government in the Kingdom of Saudi Arabia announced a temporary lockdown as a measure to reduce the spread of the COVID-19. The lockdown was subsequently relaxed by the end of May 2020.

The Company’s performance is not affected due to the impact of Covid-19 as the Company did not have any revenue generating activities. However, the Company will continue to evaluate the nature and extent of Covid-19 on its future operations.

**2. STATEMENT OF COMPLIANCE**

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), issued by the International Accounting Standards Board (IASB) as endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

**3. APPLICATION OF NEW AND REVISED STANDARDS**

**3.1 New standards**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020 but they had no material impact on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**IAS 1: Presentation of Financial Statements- Amendments regarding the definition of materiality**

Amendments to its definition of material to make it easier for companies to make materiality judgements. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

**IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.

**Amendments to IFRS 17, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

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**Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no significant impact on the financial statements of the Company.

**Amendments to IFRS 16 Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no significant impact on the financial statements of the Company.

The Company does not have a material impact on its financial statements from the above.

**3.2 Standards issued but not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reforms – Phase 2 – 1 January 2021;

IAS 37: Provisions, Contingent Liabilities and Contingent Assets- Amendments regarding the costs to include when assessing whether a contract is onerous – 1 January 2022;

IAS 16: Property, Plant and Equipment - Amendments prohibiting a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use – 1 January 2022;

Annual Improvements to IFRS Standards 2018-2020 – 1 January 2022;

IAS 1: Presentation of Financial Statements - Amendments regarding the classification of liabilities – 1 January 2023; and

IFRS 9: Amendments regarding the interaction of IFRS 4 and IFRS 9 – 1 January 2023.

**Other**

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

The Company is yet to assess the impact of the above amendments in its financial statements.

**STERLING AND WILSON SAUDI ARABIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**4. BASIS OF PREPARATION**

**4.1 Overall considerations**

These financial statements have been prepared on the historical cost basis, except for employees' end of service benefits measured at the present value of future obligations using the Projected Unit Credit Method.

**4.2 Going concern**

The Company incurred a net loss of SR 421,656 (31 March 2020: SR 549,162) during the year ended 31 March 2021 and, as of that date the Company has accumulated losses amounted to SR 1,732,763 (31 March 2020: SR 1,325,505), which exceeds 50% of its paid up capital. The current liabilities exceed the total assets by SR 725,931 (31 March 2020: 307,361). The Shareholders have unanimously resolved to continue with the operations and provide financial support to the Company to meet its obligations as and when required. Accordingly, these financial statements have been prepared on a going concern basis.

**4.3 Financial year**

The Company's financial year starts from 1 April and ends on 31 March in each Gregorian calendar year.

**4.4 Functional and presentation currency**

The financial statements are presented in Saudi Riyal, which is the Company's functional currency.

**5. USE OF JUDGEMENT AND ESTIMATES**

In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are described below:

**Employees' end of service benefits**

The cost of employees' end of service benefits are determined by actuarial valuation exercises. The actuarial estimates involve making many assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases and mortality rates. Given the complex nature of the estimates and the underlying assumptions and their long-term nature, the commitment of the identified benefits is greatly influenced by changes in these assumptions.

**Recognition and measurement of provisions**

By their nature, the measurement of provisions depends upon estimates and assessments, whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on cost estimates, considering legal advice and other available information.

**Measurement of fair values**

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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**Measurement of fair values (continued)**

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

**6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company has consistently applied the accounting policies to all periods presented in these financial statements. Following are the significant accounting policies applied by the Company in preparing its financial statements:

**6.1 Lessee**

The Company assesses whether a contract contains a lease, at the inception of the contract. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short term leases and leases of low-value assets as follows:

**Right of use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

**Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**STERLING AND WILSON SAUDI ARABIA LIMITED**  
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**Short-term leases**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

**6.2 Foreign currency translation**

**Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

**6.3 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks.

**6.4 Financial Instruments**

**i. Financial assets**

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

**Fair value through profit or loss (FVTPL)**

Financial assets fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss in the other income or expense line. The Company does not have any financial assets measured at FVTPL.

**Fair value through other comprehensive income (FVOCI)**

Financial assets fair valued through other comprehensive income are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserves. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to statement of profit or loss and other comprehensive income.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognized on the settlement date. Any change in fair value between trade date and settlement date is recognized in the fair value through other comprehensive income reserves. The Company does not have any financial assets measured at FVOCI.

**Amortized cost**

These assets arise principally from the provision of goods and services to customers and incorporate other types of financial assets where the objective is to hold these assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They have initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables and contract assets are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

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**Amortized cost (continued)**

Impairment provisions for other receivables including related parties are recognized based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

The Company's financial assets measured at amortized cost comprise cash and cash equivalents in the statement of financial position.

**Subsequent measurement of financial assets**

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

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

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

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

By default, all other financial assets are measured subsequently at FVTPL.

**Presentation of impairment**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to assets are presented separately in the statement of profit or loss account.

**De-recognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

**ii. Financial liabilities**

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

**Fair value through profit or loss**

Financial liabilities fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss. The Company does not have any liabilities held for trading, nor has it designated any financial liabilities as being at fair value through profit or loss.

**STERLING AND WILSON SAUDI ARABIA LIMITED**  
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**Other financial liabilities**

Finance cost bearing liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such finance cost bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any finance cost over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, finance cost includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

The Company's financial liabilities measured at amortized cost comprises of trade and other payables, contract liabilities and due to related parties.

**De-recognition**

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**Offsetting of financial instruments**

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

**6.5 Trade payables and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are originally recorded at fair value and then measured at amortised cost using the effective interest method

**6.6 Provisions and contingent liabilities**

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. 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. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

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**6.7 Tax**

Income tax expense represents the sum of the current and deferred tax.

**Current tax**

Income tax is provided in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia on accruals basis. The provision is charged to statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

**Deferred tax**

Deferred income taxes are recognized on all major temporary differences between accounting income and taxable income and are recognized during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be utilized. Deferred income taxes are determined using tax rates which have been enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

**6.8 Employees' end of service benefits**

**Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Defined benefit plan**

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses (excluding finance expense) is recognized immediately in other comprehensive income. The Company determines the net finance expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net finance expenses and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognized in profit or loss in the period in which they arise.

**6.9 Equity and reserve**

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include all current and prior period losses.

**6.10 General and administrative expenses**

General and administrative and other expenses include direct and indirect costs not specifically part of the cost of revenues. Allocations between cost of revenue and other operating expenses are made consistently when required.



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**7. CASH AND CASH EQUIVALENTS**

	<b>31 March 2021</b>	31 March 2020
Cash at banks	<b>6,972</b>	1,025,000

**8. RELATED PARTIES TRANSACTIONS AND BALANCES**

The Company in the normal course of business carries out transactions with various related parties. Related parties' transactions are carried out on terms and conditions approved by the Company's management.

Outstanding balances at the year-end are unsecured, interest-free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following are the details of major related party transactions and balances during the year:

**Transactions:**

<b>Related Party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>31 March 2021</b>	31 March 2020
Sterling and Wilson Middle East Electromechanical LLC – Branch, Kingdom of Saudi Arabia	Affiliate	Expenses paid on behalf of the Company	556,287	641,640

**Balances:**

**Due to a related party**

<b>Related Party</b>	<b>Relationship</b>	<b>Nature of balance</b>	<b>31 March 2021</b>	31 March 2020
Sterling and Wilson Middle East Electromechanical LLC- Branch, Kingdom of Saudi Arabia	Affiliate	Due to a related party	<b>652,837</b>	1,255,057

**9. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>31 March 2021</b>	31 March 2020
Professional fees	<b>58,000</b>	37,000
Accrued employees salary	<b>34,100</b>	-
Others	-	40,304
	<b>92,100</b>	77,304

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**10. EMPLOYEES' END OF SERVICE BENEFITS**

	<b>31 March 2021</b>	31 March 2020
Net defined benefit liability	<b>6,832</b>	18,144
<b>Movement in net defined benefit liability</b>		
	<b>31 March 2021</b>	31 March 2020
<b>As at 1 April</b>	<b>18,144</b>	8,903
<b>Included in profit or loss</b>		
Current service cost	<b>17,722</b>	4,372
Finance expense	<b>624</b>	100
Prior year adjustment	<b>-</b>	(5,987)
<b>Included in other comprehensive income</b>		
Re-measurement (gain) / loss of employees' end of service benefits	<b>(14,398)</b>	10,756
Less: Benefits paid during the year	<b>(15,260)</b>	-
<b>As at 31 March</b>	<b>6,832</b>	18,144

**Actuarial assumptions on defined benefit liability**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	<b>31 March 2021</b>	31 March 2020
Discount rate	<b>3.5% p.a.</b>	<b>3.5% p.a.</b>
Future salary growth	<b>3.0% p.a.</b>	<b>3.0% p.a.</b>

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>31 March 2021</b>	31 March 2020
<b><u>INCREASE</u></b>		
Discount rate (0.5%)	<b>6,211</b>	17,042
Future salary growth (0.5%)	<b>7,550</b>	19,370
<b><u>DECREASE</u></b>		
Discount rate (0.5%)	<b>7,550</b>	19,370
Future salary growth (0.5%)	<b>6,205</b>	17,032

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**11. SHARE CAPITAL**

The Company's issued and paid-up share capital is SR 1,000,000 (31 March 2020: SR 1,000,000), consists of 10,000 shares of SR 100 each.

	<b>Holding %</b>	<b>Number of shares</b>	<b>Amount</b>
Sterling and Wilson Solar Pvt. Ltd. (India) *	95%	9,500	950,000
Sterling and Wilson Middle East W.L.L.(Qatar)	5%	500	50,000
	<b>100</b>	<b>10,000</b>	<b>1,000,000</b>

\*On 26 May 2018, the Board of Directors of Sterling and Wilson Pvt. Ltd. (India) approved the transfer of its entire shareholding in the Company to Sterling and Wilson Solar Pvt. Ltd. (India). The legal formalities with respect to this transfer in Kingdom of Saudi Arabia are still in process at the time of the approval of these financial statements.

**12. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>31 March 2021</b>	31 March 2020
Employees' salaries and benefits	<b>281,880</b>	379,338
Sagya license fee	<b>107,966</b>	-
Legal and professional fees	<b>84,025</b>	58,658
GOSI expenses	<b>20,532</b>	38,220
Office expenses	<b>5,655</b>	72,946
	<b>500,058</b>	549,162

**13. INCOME TAX PROVISION**

The Company has filed tax returns to GAZT up to 31 March 2020.

No deferred tax asset has been recognized on carry-forward tax losses due to uncertainty related to future taxable profits against which such carry-forward tax losses can be utilized.

**14. FINANCIAL INSTRUMENTS – RISK MANAGEMENT**

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**Principal financial instruments**

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Due to a related party

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**Fair value and fair value hierarchy**

The Company measures financial instruments at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

At each reporting date, the Company analyses the movements in the values of assets and liabilities, which are required to be re-measured or re-assessed as per the Company's accounting policies.

**Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and cash equivalents and due to a related party.

Due to their short-term nature, the carrying value of cash and cash equivalents and due to a related party approximates their fair value.

There were no transfers between levels during the year.

**Financial instrument by category**

	<b>31 March 2021</b>	31 March 2020
<b>Financial assets</b>		
<i>Amortized cost</i>		
Cash and cash equivalents	<b>6,972</b>	1,025,000
<b>Financial liabilities</b>		
<i>Amortized cost</i>		
Due to related parties	<b>652,837</b>	1,255,057

**General objectives, policies and processes**

The management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

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**Credit risk**

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss and arises principally from cash and cash equivalent.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Cash at banks (note 7)	<u>6,972</u>	<u>1,025,000</u>

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.

**Liquidity risk**

Liquidity risk is the inability of the Company to meet its financial liabilities as they fall due. The Company's approach to liquidity management is to ensure that it has sufficient liquidity, to the extent possible, to meet its obligations when due, either on normal or strict terms without incurring an unacceptable loss or risk of misrepresentation. Similarly, the Company ensures that it receives sufficient cash on demand to meet potential operating expenses including the servicing of financial liabilities other than the potential impact of circumstances that cannot be reasonably expected, such as: natural disasters. As at 31 March 2021 the Company has only SR 6,972 cash at bank. However, the shareholders have resolved to meet the obligations of the Company and provide financial support as and when required.

**Current versus non-current classification**

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

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle.
- Held primarily for trading.
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

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

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**15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

**Contingent liabilities**

There were no contingencies as at 31 March 2021 (31 March 2020: nil).

**Capital commitments**

There were no commitments as at 31 March 2021 (31 March 2020: nil).

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements have been approved by the board of directors on 5 Dhul-Hijjah 1442 H (corresponding to 15 July 2021 G).

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