Wipro Arabia Limited Company

(Mixed Limited Liability Company)

**UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 AND
INDEPENDENT AUDITOR'S REPORT**

Wipro Arabia Limited Company
(Mixed Limited Liability Company)

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Wipro Arabia Limited Company
(Mixed Limited Liability Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Unconsolidated Financial Statements

Opinion

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

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") that are endorsed in the Kingdom of Saudi Arabia issued by 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 that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Company's Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Regulations for Companies and the Company's Article of Association with respect to the preparation and presentation of unconsolidated financial statements, 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 unconsolidated financial statements, the Company's management is responsible for assessing the 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.

Board of Directors is 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 these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Company's 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

For Dr. Mohamed Al-Amri & Co.

Sd/_

Ahmed Al-Jumah
Certified Public Accountant
Registration No. 621

Riyadh, on: 24 Dhu'l-Qi'dah 1443(H)
Corresponding to: 23 June 2022 (G)

UNCONSOLIDATEDSTATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(Saudi Riyals)

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property and equipment	5	**3,073,624**	2,086,848
Intangible assets	6	**1,045,287**	1,828,642
Investment in a subsidiary	7	**-**	2,062,500
Deferred costs	8	**723,242**	582,886
Deferred tax assets	24	**7,467,924**	7,339,798
		12,310,077	13,900,674
Current assets			
Inventories	9	**2,690,937**	5,384,268
Retentions receivable		**7,742,015**	26,899,138
Unbilled revenue		**86,823,935**	86,833,977
Trade receivables	10	**168,464,166**	145,462,510
Due from related parties	25	**28,904,040**	42,271,291
Deferred costs	8	**2,444,679**	1,936,960
Prepayments and other current assets	11	**40,167,692**	27,935,415
Cash and cash equivalents	12	**39,937,722**	187,066,681
		377,175,186	523,790,240
TOTAL ASSETS		**389,485,263**	537,690,914
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**30,000,000**	30,000,000
Statutory reserve		**15,000,000**	15,000,000
Retained earnings		**54,707,010**	196,651,397
TOTAL EQUITY		**99,707,010**	241,651,397
LIABILITIES			
Non-current liabilities			
Employees’ end of service benefits	15	**20,174,078**	18,581,063
		20,174,078	18,581,063
Current liabilities			
Short term borrowings	16	**100,000,000**	-
Provision for zakat and tax	24	**8,033,010**	10,620,907
Trade payables		**19,165,047**	21,073,962
Due to related parties	25	**25,032,352**	117,413,126
Accruals and other liabilities	17	**86,482,540**	105,500,524
Deferred revenue	14	**30,891,226**	22,849,935
		269,604,175	277,458,454
TOTAL LIABILITIES		**289,778,253**	296,039,517
TOTAL EQUITY AND LIABILITIES		**389,485,263**	537,690,914

These unconsolidated financial statements as shown on pages 4 to 29 were approved by the Board of Directors on 23 June 2022 (corresponding to 24 Dhu‘l-Qi‘dah 1443H) signed on their behalf by:

Sd/_	Sd/_
Mohammed Bin Turki A. Al Saud (Director)	**Guruprasad Bhat (**Director)

The accompanying notes from 1 to 30 form an integral part of these unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(Saudi Riyals)

	Note	**31 December 2021**	31 December 2020
Revenue	18	**529,663,581**	623,991,666
Cost of revenue	19	**(416,341,590)**	(432,015,145)
Gross profit		**113,321,991**	191,976,521
Selling and distribution expenses	20	**(19,335,983)**	(18,514,712)
General and administrative expenses	21	**(43,466,897)**	(59,054,164)
Operating profit for the year		**50,519,111**	114,407,645
Other income	22	**441,543**	2,299,799
Finance cost	23	**(185,175)**	(1,163,480)
Foreign exchange loss		**(221,830)**	(908,889)
Profit before zakat and tax for the year		**50,553,649**	114,635,075
Zakat and tax for the year	24	**(8,161,136)**	(16,832,488)
Profit for the year		**42,392,513**	97,802,587
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurement of employees' end of service benefits	15	**(3,058,311)**	(2,318,851)
Other comprehensive loss for the year		**(3,058,311)**	(2,318,851)
Total comprehensive income for the year		**39,334,202**	95,483,736

WIPRO ARABIA LIMITED COMPANY (Mixed Limited Liability Company)

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(Saudi Riyals)

	Share capital	**Statutory reserve**	**Retained earnings**	**Total Equity**
Balance as at 1 January 2020	30,000,000	15,000,000	240,784,331	285,784,331
Profit for the year	-	-	97,802,587	97,802,587
Other comprehensive loss for the year	-	-	(2,318,851)	(2,318,851)
Total comprehensive income for the year	-	-	95,483,736	95,483,736
Dividend paid during the year	-	-	(150,237,576)	(150,237,576)
Zakat and tax reimbursable from shareholders (excluding deferred tax)	-	-	10,620,906	10,620,906
Balance as at 31 December 2020	**30,000,000**	**15,000,000**	**196,651,397**	**241,651,397**
Net profit for the year	**-**	**-**	**42,392,513**	**42,392,513**
Other comprehensive loss for the year	**-**	**-**	**(3,058,311)**	**(3,058,311)**
Total comprehensive income for the year	**-**	**-**	**39,334,302**	**39,334,302**
Dividend paid during the year	-	-	**(189,311,599)**	**(189,311,599)**
Zakat and tax reimbursable from shareholders (excluding deferred tax)	-	-	**8,033,010**	**8,033,010**
Balance as at 31 December 2021	**30,000,000**	**15,000,000**	**54,707,010**	**99,707,010**

Analysis of retained earnings:

	Note	**Non-Saudi shareholder (66.67%)**	**Saudi shareholder (33.33%)**	**Total**
Balance at 1 January 2020		165,055,584	75,728,747	240,784,331
Net income for the year		76,427,205	38,207,870	114,635,075
Zakat and tax	24	(8,202,722)	(2,418,184)	(10,620,906)
Deferred tax charge for the year	24	(6,211,582)	-	(6,211,582)
Other comprehensive loss		(1,545,978)	(772,873)	(2,318,851)
Dividend		(100,163,392)	(50,074,184)	(150,237,576)
Zakat and tax reimbursable from shareholders		8,202,722	2,418,184	10,620,906
Balance at 31 December 2020		**133,561,837**	**63,089,560**	**196,651,397**
Net income for the year		**33,704,118**	**16,849,531**	**50,553,649**
Zakat and tax	24	**(6,809,613)**	**(1,223,397)**	**(8,033,010)**
Deferred tax charge for the year	24	**(128,126)**	**-**	**(128,126)**
Other comprehensive loss		**(2,038,976)**	**(1,019,335)**	**(3,058,311)**
Dividend		**(126,214,043)**	**(63,097,556)**	**(189,311,599)**
Zakat and tax reimbursable from shareholders		**6,809,613**	**1,223,397**	**8,033,010**
Balance at 31 December 2021		**38,884,810**	**15,822,200**	**54,707,010**

The accompanying notes from 1 to 30 form an integral part of these unconsolidated financial statements

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(Saudi Riyals)

	Note	**31 December 2021**	31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and tax for the year		**50,553,649**	114,635,075
Adjustment to reconcile profit before zakat and tax			
Depreciation of property and equipment	*5*	**1,338,166**	1,719,854
Gain on sale of property and equipment		**3,733**	7,214
Amortization of intangible assets	*6*	**931,185**	886,021
Provision for employees’ end of service benefits	*15*	**2,322,669**	2,360,838
Trade receivables’ provision/(reversal)	*10*	**(3,044,849)**	(48,514,020)
Impairment of investment in Subsidiary	*7*	**2,062,500**	-
Finance cost	*23*	**185,175**	1,163,480
		54,352,228	72,258,462
Working capital changes:			
Inventories		**2,693,331**	(2,965,293)
Retention receivable		**19,157,123**	(2,571,579)
Unbilled revenue		**10,042**	(21,994,614)
Trade receivables		**(19,956,807)**	104,487,287
Deferred cost		**(648,075)**	1,710,635
Prepayments and other current assets		**(12,232,277)**	9,550,571
Trade payables		**(1,908,915)**	685,846
Related parties, net		**(99,545,147)**	20,454,127
Deferred revenue		**8,041,291**	(19,820,753)
Accruals and other liabilities		**(19,017,985)**	489,013
Cash flows from operations		**(69,055,191)**	162,283,702
Zakat and tax paid		**(10,877,158)**	(12,511,386)
Employees' end of service benefits paid	*15*	**(3,787,965)**	(3,553,875)
Finance cost paid	*23*	**(185,175)**	(1,163,480)
Net cash (used in) / generated from operating activities		**(83,905,489)**	145,054,961
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	*5*	**(2,328,675)**	(1,196,450)
Additions to intangible assets	*6*	**(147,830)**	(487,375)
Net cash used in investing activities		**(2,476,505)**	(1,683,825)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from short term borrowings	*16*	**100,000,000**	-
Dividend paid (net of tax and zakat reimbursable from shareholders)		**(160,746,965)**	(102,562,561)
Net cash used in financing activities		**(60,746,965)**	(102,562,561)
Net change in cash and cash equivalents		**(147,128,959)**	40,808,575
Cash and cash equivalents at the beginning of the year	*12*	**187,066,681**	146,258,106
Cash and cash equivalents at the end of the year	*12*	**39,937,722**	187,066,681

(Saudi Riyals)

1. LEGAL STATUS AND NATURE OF OPERATIONS

Wipro Arabia Limited Company, a Mixed Limited Liability Company ("the Company") incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 2051034646 dated Jumad Awal 6 1428H (corresponding to 23 May 2007). The Company operates in Saudi Arabia under the license of Saudi Arabian General Investment Authority (SAGIA) No. 102031016066 dated Rabi-al-Thani 18, 1428H (corresponding to 6 May 2007).

The principal activities of the Company are to execute the development of computer programs, maintenance contracts of integrated systems, provide services of data maintenance and related technical services, trainings and sale of IT software, system products along with accessories and spare parts.

The ultimate parent company is Wipro Limited India ("WLI"), which is registered in India, and owns 66.7% of the Company's shareholding through Wipro IT Services UK Societas (formerly known as Wipro IT Services SE), a company registered in the United Kingdom.

The shareholders of the Company and their respective shareholdings as of 31 December 2021 are as follows:

Shareholders	Country of incorporation	Shareholding
Wipro IT Services UK Societas	UK	**66.7%**
Dar Al-Riyadh Company Limited	Kingdom of Saudi Arabia	**33.3%**
		100%

These financial statements include the operations of the Company's branches, operating under individual commercial registration numbers:

City	Commercial Registration No.	Address
Alkhobar	2051034646	Jarir Building, Suite No. 209, P.O. Box 31349, Al-Khobar 31952, Kingdom of Saudi Arabia.
Riyadh	1010285709	7933 Al Muhandis Masaid Al Anqari, As Sulimaniyah, Riyadh 12245
Jeddah	4030198892	Fouad Plaza Center – Mushrif District – Palestine Street, P.O Box 31349, Jeddah.
Alkhobar	2051221964	Alkhobar Branch

1. Interest in a subsidiary

On 6 Safar 1439H (corresponding to 26 October 2017), the Company acquired a 55% shareholding of Women's Business Park Technologies (a Mixed Limited Liability company) ("WBPT"), a company registered in Riyadh, Kingdom of Saudi Arabia. The principal activity of WBPT comprises the provision of information technology related services, involving services and solutions, programming, developing systems, downloading, executing and analyzing systems, designing, drawing and programming, special software, maintaining software, designing web pages and other computer programming activities, and providing related technical support and training services. The Company's financial year starts on 1 April and ends on 31 March in each Gregorian calendar year.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with IFRS for SMEs 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").

2.2 Unconsolidated financial statements

These unconsolidated financial statements are separate financial statements of the Company. The Company elects for an exemption in accordance with Section 9, paragraph 9.3 of IFRS for SMEs to prepare separate financial statements. The Company need not present the consolidated financial statements due to the following:

1) The Company is a subsidiary of Wipro Limited India ("WLI") which is listed in National Stock Exchange, India; and it produces financial statements that are available for public use and comply with International Financial Reporting Standards.

Accordingly, the Company's investment in its subsidiary is accounted for under the cost method and are not consolidated in accordance with Section 9 of IFRS for SMEs, and are the only financial statements prepared by the Company.

2.3 Basis of measurement

These unconsolidated financial statements are prepared under the historical cost convention, except for certain employees' benefits which are measured at present value of future obligations using projected unit credit method in accordance with section 28 of IFRS for SMEs. Additionally, these financial statements have been prepared on a going concern basis.

2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Saudi Riyals (SR) which is also the functional currency of the Company.

2.5 Financial year

The Company's financial year starts on 1 January and ends on 31 December in each Gregorian calendar year.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing these unconsolidated 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:

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. The carrying amounts are analyzed in the relevant notes. Actual results, however, may vary due to technical or other obsolescence.

Provision of trade receivable

The Company measures the loss allowance for trade receivables by reference to past default experience of the debtor and an analysis of the debtor's current financial position. Trade receivables are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable commission rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Employees' end of service benefits

The cost of employee benefit obligations and other after-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. All defaults are reviewed by the date each financial statement is set up.

Estimate of zakat and income taxes

The Company's zakat and tax charge on ordinary activities is the sum of current zakat and income tax, and deferred tax charges. The calculation of the Company's total taxes charge involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

Provisions and accruals

Recognition and measurement of provisions and contingencies: key assumptions about likelihood and magnitude of an outflow of resources.

Estimated cost of completing projects

The Company uses best estimates, using its in-house experts and based on its past experience for the similar projects, to estimate the total project cost. The Company revises and updates its cost estimation to complete the projects, when the project scope becomes more precise and projects' risks are more appropriately analyzed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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 from 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.

4.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment loss if any. Depreciation is provided over the estimated useful lives of the assets on a straight line method from the date of acquisition. At the time the assets are sold or disposed of, the related accumulated depreciation is removed from the accounts and the related gain or loss is recognized in the unconsolidated statement of profit or loss.

4.2 Property and equipment (continued)

The estimated useful lives of property and equipment are as follows:

Assets Category	Useful life in years
Leasehold improvements	5
Computer and office equipment	2-5
Furniture and fixtures	5

If there is an indication that there has been a significant change in useful life or residual value of an item, the depreciation is revised prospectively to reflect the new estimates.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the unconsolidated statement of profit or loss.

4.3 Intangible assets

Intangible assets are purchased computer software that are stated at cost less accumulated amortization and any accumulated impairment losses. It is amortized over its estimated useful life of four years using the straight-line method. If there is an indication that there has been a significant change in useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new estimates.

4.4 Investments in subsidiary

Subsidiaries are all entities over which the Company has control. Control is achieved when the Company:

1. has power over the investee;
2. is exposed, or has rights, to variable returns from its involvement with the investee; and
3. has the ability to use its power to affect its returns.

Investments in subsidiaries that have not been consolidated due to the exemptions taken as described in 2.2 above, are accounted for under the equity method using cost model and in accordance with IFRS for SMEs.

The cost of an investment in a subsidiary is the aggregate of:

1. the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
2. any costs directly attributable to the acquisition of the subsidiary.

4.5 Impairment of non-financial assets

At each reporting date, property and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the unconsolidated statement of profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the unconsolidated statement of profit or loss.

4.6 Financial instruments - Recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

Financial assets are initially recognised at the transaction price, including transaction costs, except in the initial measurement of financial assets that are subsequently measured at fair value through comprehensive income. The Company has not designated any financial assets as at fair value through profit or loss.

Subsequent measurement

Financial assets are subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If there is objective evidence of impairment, the Company recognizes an impairment loss in profit or loss immediately.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's unconsolidated statement of financial position) when:

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

If a transfer does not result in derecognition because the Company has retained significant risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The asset and liability shall not be offset. In subsequent periods, the Company shall recognize any income on the transferred asset and any expense incurred on the financial liability.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognised at the transaction price, including transaction costs, except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit or loss. The Company has not designated any financial liabilities as at fair value through profit or loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

De-recognition

A Company derecognizes a financial liability only when it is extinguished i.e. when the obligation specified in the contract is discharged, is cancelled or expires.

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 unconsolidated statement of profit or loss and other comprehensive income.

Measurement of fair values

The Company's financial assets and financial liabilities are measured at amortized cost. Fair values measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

The Company has not disclosed the fair value for financial instruments such as short term trade and other receivables, retention receivable, , due from related parties, due to related parties, trade and other payables, cash and cash equivalents, because their carrying amounts are a reasonable approximation of fair values largely because of short term maturity of these instruments.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated 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.

4.7 Inventories

Inventories are valued at the lower of cost and the net realizable value i.e. estimated selling price less cost to complete and sell. Cost is determined using weighted average method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell and the impairment loss is recognized immediately in profit or loss.

4.8 Trade and other receivables

Most sales are made on the basis of normal credit terms and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the unconsolidated statement of profit or loss.

4.9 Cash and cash equivalents

Cash and cash equivalents include bank balances and short-term deposits with original maturities of three months or less from the date of purchases and that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.10 Statutory reserve

In accordance with the Company's articles of association, the Company established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 30% of the share capital. These reserves are not available for distribution to the shareholders. The Company has stopped transferring to statutory reserve as this reserve has already reached to 50% of the share capital.

4.11 Employees' benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' end of service benefits

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the unconsolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income will not be reclassified to profit and loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorized as follows:

- service cost (including current service cost and past service cost);
- interest expense; and
- Re-measurements

The Company presents the first two components of defined benefit costs in profit or loss and the third component in other comprehensive income, in relevant line items.

4.12 Trade payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period, which are unpaid. The amounts are unsecured. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost.

4.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as commission expense.

4.14 Zakat

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are recorded at the approval of the final assessment, when the provision is closed. The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. In 2021, GAZT became part of newly formed Zakat, Tax and Customs Authority (“ZATCA”).

4.15 Tax

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on percentage of taxable profit attributable to foreign shareholder for the year using the tax rates in accordance with Saudi Arabian Income Tax Law. Additional liabilities arising from final assessments are provided for when the assessments are finalized with the GAZT. In 2021, GAZT became part of newly formed Zakat, Tax and Customs Authority (“ZATCA”).

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences). Deferred tax assets are generally recognized for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) - but only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any taxes or duty. Amounts disclosed as revenue are net of sales returns.

Revenue from sales of goods is recognized in accordance with the sales contract, on delivery of goods to customer and when significant risk and rewards are transferred to customer. Revenue on extended warranties purchased by customers against products are recognized as 'Deferred revenue' and charged to unconsolidated statement of profit or loss and other comprehensive income over the period of warranties, respective cost of such warranties is also recognized as 'Deferred warranty cost' and charged in line with respective revenue.

Revenue from rendering of services is recognized based on the nature of agreement and services. Revenue from software development services comprises revenue from "Time and Material" (T&M) and "fixed price" contracts. Revenue from time and material services contracts is recognized when related services are performed. Contract revenue from fixed price contracts is recognized based on the percentage of completion method, which is determined using the proportion of costs incurred to date to the total costs for the completion of the contracts as estimated by the management. Billings do not necessarily correlate with revenue recognized using the percentage of completion method of accounting.

No revenue is recognized on a contract where, in the opinion of the management, the ultimate outcome of the contract cannot be reasonably assessed. Losses expected at the completion of a contract are recognized immediately in profit or loss.

Revenue from application maintenance services is recognized over the period of the contract.

Billing in excess of revenue and advance billing are recorded as 'Deferred revenue' and subsequently charged to revenue when respective services are rendered or product is delivered. When billed are less than the revenue recognized, the difference is recorded as 'Unbilled revenue'.

Other revenue

Other revenue is recognized when the control of a certain good or service has been transferred to customers.

4.17 Cost of sales

Cost of revenues includes direct costs of sales, including costs of materials, contract services, and overheads directly attributable to sales.

Cost which has been incurred but respective service has not been rendered is recognized as 'Deferred cost' in unconsolidated statement of financial position and charged out to cost of revenue when the service has been rendered.

4.18 Finance cost

All finance costs are recognized in profit or loss in the period in which they are incurred. Finance cost is recognized on the basis of the effective interest rate and is included in finance costs.

4.19 Selling and distribution, general and administrative expenses

Selling and distribution expenses include any costs incurred to carry out or facilitate all selling activities at the Company. General and administrative expenses pertain to operation expenses which are not directly part of cost of revenue.

Allocations between selling and distribution, general and administrative expenses and cost of sales, when required, are made on a consistent basis.

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4.20 Dividend

Dividend is recorded as liability in the period in which it is approved by the Board of Directors.

4.21 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction instead of the form of the contract.

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	**Computers and office equipment**	**Furniture and fixtures**	**Total**
Cost:				
As at 1 January 2020	1,865,004	10,513,216	4,084,882	16,463,102
Additions	-	1,128,307	68,143	1,196,450
Disposals	-	(50,401)	(114,211)	(164,612)
As at 31 December, 2020	1,865,004	11,591,122	4,038,814	17,494,940
Additions	**-**	**2,321,585**	**7,090**	**2,328,675**
Disposals	**-**	**(17,304)**	**-**	**(17,304)**
As at 31 December 2021	**1,865,004**	**13,895,403**	**4,045,904**	**19,806,311**
Accumulated depreciation:				
As at 1 January 2020	1,864,220	9,190,246	2,791,172	13,845,638
Charge for the year	784	1,335,942	383,128	1,719,854
Elimination on disposals	-	(43,189)	(114,211)	(157,400)
As at 31 December 2020	1,865,004	10,482,999	3,060,089	15,408,092
Charge for the year	**-**	**1,057,193**	**280,973**	**1,338,166**
Elimination on disposals	**-**	**(13,571)**	**-**	**(13,571)**
As at 31 December 2021	**1,865,004**	**11,526,621**	**3,341,062**	**16,732,687**
Net book values:				
At 31 December 2021	**-**	**2,368,782**	**704,842**	**3,073,624**
At 31 December 2020	-	1,108,123	978,725	2,086,848

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6. INTANGIBLE ASSETS

Computer software

Cost:	
As at 1 January 2020	6,601,541
Additions	487,375
As at 31 December 2020	7,088,916
Additions	**147,830**
As at 31 December 2021	**7,236,746**
Accumulated amortization:	
As at 1 January 2020	4,374,253
Charge for the year	886,021
As at 31 December 2020	5,260,274
Charge for the year	**931,185**
As at 31 December 2021	**6,191,459**
Net book value:	
As at December 31, 2021	**1,045,287**
As at December 31, 2020	1,828,642

7. INVESTMENT IN A SUBSIDIARY

On 6 Safar 1439H (corresponding to 26 October 2017), the Company acquired 55% shareholding of Women's Business Park Technologies, a mixed liability company ("WBPT") in exchange for a cash consideration of SR 2.1 million. The remaining 45% shareholding of WBPT is owned by Princess Nourah Bint Abdulrahman University Endowment Company.

During the year the Company has impaired its investment in subsidiary due to losses from operations.

Women Business Park Technologies Co. Limited	
Percentage of ownership	**55%**
At the beginning of the year	**2,062,500**
Share in net income	**-**
Dividends received from associates	**-**
Impairment loss	**(2,062,500)**
At the end of the year	**-**

8. DEFERRED COSTS

	31 December 2021	31 December 2020
Current:		
Deferred warranty cost	-	140,850
Advances to sub-contractors	**2,444,679**	1,796,110
	2,444,679	1,936,960
Non-Current:		
Advances to sub-contractors	**723,242**	582,886
	723,242	582,886

Deferred warranty cost relates to payments made towards extended warranties to manufacturers of various IT related products. These extended warranties are bought by the Company's customers in addition to the standard warranty attached to the relevant IT product. This cost is amortized over the period of warranty in unconsolidated statement of profit or loss and other comprehensive income.

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9. INVENTORIES

	31 December 2021	31 December 2020
Products	**2,690,937**	5,840,828
Provision for slow moving and obsolete items	**-**	(456,560)
	2,690,937	5,384,268

All inventory was delivered to customers for on-going projects. Since this is part of the benefit obligation, in other words completion of projects, including various materials and products, these products have been classified as inventories in the Company's unconsolidated financial statements.

10. TRADE RECEIVABLES

	31 December 2021	31 December 2020
Trade receivables	**192,065,939**	172,109,132
Provision against doubtful debts	**(23,601,773)**	(26,646,622)
	168,464,166	145,462,510

The movement of provision against trade receivables is as follows:

	31 December 2021	31 December 2020
At the beginning of the year	**26,646,622**	75,160,642
Provision / (reversal) during the year	**(3,044,850)**	6,023,135
Doubtful debts written off	**-**	(54,537,155)
At the end of the year	**23,601,772**	26,646,622

11. PREPAYMENTS AND OTHER ASSETS

	31 December 2021	31 December 2020
Suppliers' advances	**6,387,806**	9,381,119
Advance tax	**14,437,170**	7,036,270
Prepaid insurance	**10,903,238**	6,897,343
Prepaid travel related costs	**5,080,077**	2,775,615
Employees' advances	**3,139,043**	1,511,372
Security deposits	**150,000**	317,580
Others	**70,358**	16,116
	40,167,692	27,935,415

12. CASH AND CASH EQUIVALENT

	31 December 2021	31 December 2020
Cash at banks	**39,937,722**	32,066,681
Term deposits	**-**	155,000,000
	39,937,722	187,066,681

Term deposits are placed with a local bank with a maturity between 1 to 2 months at a profit margin ranging 0.1% to 1.9% per annum 2021 (31 December 2020: 0.1% to 1.9%)

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13. SHARE CAPITAL

The Company's share capital consists of 30,000 shares of SR 1000 each fully paid and held as at December 31, as follows:

	Number of Shares			Amount	
	2021	2020	%	**2021**	2020
Wipro IT Services UK Societas	**20,000**	20,000	66.67	**20,000,000**	20,000,000
Dar Al Riyadh Company Limited	**10,000**	10,000	33.33	**10,000,000**	10,000,000
	30,000	30,000	100	**30,000,000**	30,000,000

14. DEFERRED REVENUE

	31 December 2021	31 December 2020
Current:		
Deferred revenue - services	**30,891,226**	22,666,751
Deferred revenue - extended warranties	**-**	183,184
	30,891,226	22,849,935

15. EMPLOYEES' END OF SERVICE BENEFITS

	31 December 2021	31 December 2020
Net defined benefit liability	**20,174,078**	18,581,063

The Company accounts for employees' end of service benefits in accordance with labor law in the Kingdom of Saudi Arabia. Additionally, the Company calculates the carrying value of end of service benefits using the projected credit unit method through a qualified actuary to comply with IFRS for SME's.

The most recent actuarial valuation of the present value of the end of service benefit obligation was carried out on 31 December 2021. During the financial year, no material fluctuations or events affected the actuarial assumptions used to calculate the liability, except for a decrease in the discount rate, as described below.

The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the projected unit credit method.

Movement in net defined benefit liability

The following table represents the movement of the employees' end of service benefits:

	31 December 2021	31 December 2020
Balance at 1 January	**18,581,063**	17,455,249
Included in profit or loss		
Current service cost	**2,016,582**	2,012,117
Finance expense	**306,087**	348,721
	2,322,669	2,360,838
Benefits paid	**(3,787,965)**	(2,037,087)
Liabilities assumed and settled	**-**	(1,516,788)
Included in OCI:		
Actuarial loss	**3,058,311**	2,318,851
Balance at the end of the year	**20,174,078**	18,581,063

The Company accounts for employees' end of service benefits as per the regulations of Saudi Labor Law in the Kingdom of Saudi Arabia.

Actuarial assumptions on defined benefit liability

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

	31 December 2021	31 December 2020
Discount rate	**2.90%**	2.27%
Future salary growth	**1.20%**	1.20%

Sensitivity analysis

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

	31 December 2021		31 December 2020	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.5% movement)	**19,980,976**	**20,373,187**	18,384,609	18,784,305
Future salary growth (0.5% movement)	**30,376,689**	**19,975,715**	18,786,911	18,380,176

16. SHORT TERM BORROWINGS

The Company entered in Tawarruq financing agreement (the" Agreement") with a local bank amounting to SR 100 million to meet its working capital requirements. The Agreement is denominated in Saudi Riyals and carries a profit rate of SAIBOR+1.75%, payable by June 2022, with an option to extend for another six months as per the Agreement. The Company has fully utilized the above facility as at 31 December 2021 (31 December 2020: SR nil).

The Agreement includes certain loan covenants which requires the Company to maintain minimum debt to equity ratio, total liabilities to net tangible leverage ratio and minim tangible reserve. A breach of covenants may cause the loan to become repayable on demand unless it is restructured. The covenants are monitored by the management, in case of potential breach, actions are taken by management to ensure compliance. The Company did not breach any of the above loan covenants.

As stipulated in the Agreement, corporate guarantees are issued in favor of the bank by the Company and the Shareholders of the Company covering the entire loan amount.

17. ACCRUALS AND OTHER LIABILITIES

	31 December 2021	31 December 2020
Suppliers' related accruals	**63,731,828**	81,407,942
Leave encashment payable	**8,271,316**	7,637,350
Insurance premium payable	**375,921**	4,604,350
Advances from customers	**108,351**	725,605
Goods received not billed	**352,959**	1,172,330
VAT payable	**7,659,161**	7,617,184
Salaries payable	**1,080,022**	1,041,523
Provision for onerous contracts	**26,448**	-
Accrued interest	**22,691**	-
Withholding tax payable	**3,764,903**	-
Others	**1,088,940**	1,294,240
	86,482,540	105,500,524

(Saudi Riyals)

18. REVENUE

	31 December 2021	31 December 2020
Services	**499,539,038**	585,167,427
Products	**30,124,543**	38,824,239
	529,663,581	623,991,666

19. COST OF REVENE

	31 December 2021	31 December 2020
Sub-contracting	**263,437,063**	287,429,445
Salaries and related costs	**96,588,633**	101,254,988
Products	**33,160,216**	20,801,829
Travelling	**8,448,480**	5,766,415
Insurance	**5,880,624**	5,805,390
Depreciation	**2,270,134**	2,605,875
Communication expenses	**2,146,845**	2,808,220
Rent	**253,075**	432,453
Others	**4,156,520**	5,110,530
	416,341,590	432,015,145

20. SELLING AND DISTRIBUTION EXPENSES

	31 December 2021	31 December 2020
Salaries and related costs	**9,029,741**	6,404,798
Support services	**9,165,564**	10,806,784
Travelling	**443,315**	485,488
Advertisement	**4,241**	112,775
Insurance	**252,762**	266,139
Communication expenses	**429**	52,568
Others	**439,931**	386,160
	19,335,983	18,514,712

21. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2021	31 December 2020
Support services	**34,368,063**	38,159,642
(Reversal) / provision against doubtful debts (note 10)	**(3,044,850)**	6,023,135
Impairment of investment in subsidiary	**2,062,500**	-
Salaries and related costs	**848,032**	3,741,925
Rent	**1,422,758**	1,655,874
Legal and professional fees	**1,375,140**	1,400,219
Bank charges	**859,207**	1,090,024
Insurance	**929,485**	945,990
Communication expenses	**1,095,330**	825,104
Travelling	**213,408**	682,782
Others	**3,337,824**	4,529,469
	43,466,897	59,054,164

(Saudi Riyals)

22. OTHER INCOME

	31 December 2021	31 December 2020
Finance income	**391,543**	845,760
Recoveries on bad debts written-off	**50,000**	900,000
Others	**-**	554,039
	441,543	2,299,799

23. FINANCE COST

	31 December 2021	31 December 2020
Finance cost on corporate guarantees	**162,484**	789,373
Finance cost on short-term loans	**22,691**	374,107
	185,175	1,163,480

24. ZAKAT AND TAX

Zakat

A The principal elements of the zakat base are as follows:

	31 December 2021	31 December 2020
Non-current assets	**12,310,077**	13,900,674
Non-current liabilities	**20,174,078**	18,581,063
Opening shareholders' equity	**241,651,397**	285,784,331
Net income before zakat	**50,553,649**	114,635,075

B Movement in Company's zakat provision is as follows:

	31 December 2021	31 December 2020
At beginning of the year	**2,418,184**	3,147,691
Provision made during the year	**1,223,397**	2,418,184
Paid during the year	**(2,418,184)**	(3,147,691)
At the end of the year	**1,223,397**	2,418,184

Taxation

A. The major components of tax in the unconsolidated statement of profit and loss are analyzed as follows:

	31 December 2021	31 December 2020
Current tax		
Current year	**6,809,613**	8,202,722
Deferred tax		
Decrease in deferred tax assets	**128,126**	6,211,582
Total tax expense reported in the unconsolidated statement of profit and loss	**6,937,739**	14,414,304

(Saudi Riyals)

B. Movement in current tax provision

The movement in Company's tax provisions is as follows:

	31 December 2021	31 December 2020
At beginning of the year	**8,202,722**	9,363,694
Charged during the year	**6,809,613**	8,202,722
Paid during the year	**(8,202,722)**	(9,363,694)
Tax provision as the end of the year	**6,809,613**	8,202,722

C. Movement in deferred tax

Deferred tax asset is measured at 20% (2020: 20%). The movement in deferred tax assets recognized by the Company is as follows:

	31 December 2021	31 December 2020
At beginning of the year	**7,339,798**	13,551,380
Utilized during the year	**128,126**	(6,211,582)
At end of the year	**7,467,924**	7,339,798

The movement in deferred tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deductible temporary difference:

	31 December 2021	31 December 2020
At beginning of the year	**36,722,838**	67,756,897
Charged during the year	**128,126**	(31,034,059)
At end of the year	**36,850,964**	36,722,838

D Status of zakat and tax assessment

Zakat and tax assessments were agreed with the General Authority of Zakat and Tax (the "GAZT") for all years until 2010. In 2021, GAZT became part of newly formed Zakat, Tax and Customs Authority ("ZATCA").

During 2019, the GAZT had issued revised tax and zakat assessments for years 2011 to 2016 for an additional tax and zakat liability of SR 38,183 (excluding delay fine) and SR 9,161,672 respectively. The Company appealed the assessments to the Tax Violations and Disputes Resolution Committee (TVDRC). The appeal hearing session is awaited.

During the year 2020, the ZATCA had issued the tax and zakat assessment for the year 2018 for an additional zakat liability of SR 1,108,752. The Company filed an appeal with the TVRDC and the appeal hearing session is awaited.

During 2021, the ZATCA issued the tax and zakat assessment for the year 2017 for additional tax and zakat liabilities of SR 390,000 and SR 2,840,000 million, respectively. The Company has filed an appeal with ZATCA against the above-mentioned assessment. Subsequent to the year end, the ZATCA issued a revised assessment cancelling the additional tax liability, resulted in reducing the zakat liability by SR 24,000. The Company has decided to accept the revised assessment "under protest" and is in process of settling the additional zakat for the year 2017.

The Company has submitted its tax and zakat declarations for 2019 and 2020 with the ZATCA. However, returns are still subject to review by ZATCA.

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25. RELATED PARTY TRANSACTIONS AND BALANCES

The Company in the normal course of business carries out transactions with its related parties. Related parties' transactions are approved by the Board of Directors. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel and related company.

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.

During the year ended 31 December 2021 and 2020, the Company entered into the following related party transactions.

Transactions:

Related parties	**Relationship**	**Nature**	**31 December 2021**	31 December 2020
Wipro Limited India	**Ultimate parent**	Technical services	**(26,731,754)**	(31,314,900)
		Support services	**(97,165,166)**	(77,576,560)
		Cost reimbursement	**(4,170,890)**	(1,112,823)
		Corporate guarantee commission	**-**	(586,268)
Women Business Park Technology	**Subsidiary**	Loan	**-**	13,321,717
		Support services	**909,124**	5,675,779
		Zakat expense	**(64,813)**	-
		Interest on borrowings	**366,311**	-
		Income Tax Expense Transfer	**(601,897)**	-
		Cost reimbursement	**463,784**	(1,059,355)
Dar Al Riyadh Company Limited	**Shareholder**	Technical services	**(5,175,000)**	(4,223,437)
		Miscellaneous services	**(4,391)**	-
		Corporate guarantees commission	**(186,856)**	(233,571)
		Zakat expense transfer	**1,288,210**	2,418,184
Dar Al Riyadh Consultants	**Affiliate**	Support services	**(539,952)**	(1,495,521)
Designit Sweden AB	**Affiliate**	Support services	**-**	(375,020)
Designit (Dubai Branch)	**Affiliate**	Support services	**(189,769)**	(1,490,517)
Wipro Travel Services Limited	**Affiliate**	Travel services	**(2,558,538)**	9,363
Wipro IT Services UK Societas	**Parent**	Tax expense transfer	**7,411,510**	8,202,722
Wipro Romania BPO service	**Affiliate**	Support services	**(164,731)**	(42,699)
Cooper Software, LLC.	**Affiliate**	Support services	**(58,432)**	-
Wipro Bahrain Ltd WLL	**Affiliate**	Cost reimbursement	**(290,372)**	-

Balances:

Due from related parties:

	31 December 2021	31 December 2020
Wipro IT Services UK Societas	**7,411,510**	17,566,416
Women Business Park Technology Limited	**19,010,649**	17,938,141
Dar Al Riyadh Company Limited	**2,473,900**	6,751,565
Wipro Bahrain Ltd WLL	**2,175**	-
Wipro Information technology (Egypt) SAE	**5,806**	5,806
Wipro Travel Services	**-**	9,363
	28,904,040	42,271,291

Due to related parties:

	31 December 2021	31 December 2020
Wipro Limited India	**23,385,087**	110,616,632
Wipro Travel Services Limited	**699,035**	-
Dar Al Riyadh Company Limited	**909,214**	4,888,258
Wipro Bahrain Limited WLL	**-**	-
Designit (Dubai Branch)	**-**	1,490,517
Designit Sweden	**-**	375,020
Wipro Romania	**-**	42,699
Cooper Software, LLC.	**39,016**	-
	25,032,352	117,413,126

26. OPERATING LEASE

The Company has operating leases for various office spaces. These leases are between one to three years with options to renew at the end of lease terms.

At 31 December, the Company's obligations under non-cancellable operating leases are payable as follows:

	31 December 2021	31 December 2020
Within one year	**506,000**	1,523,429
One year to five years	**145,000**	146,500
	651,000	1,669,929

27. FINANCIAL INSTRUMENTS RISK AND MANAGEMENT

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management monitors fluctuations in foreign currency exchange rates and records its effects, if applicable, in the unconsolidated financial statements, and believes that the Company is not significantly vulnerable to exchange rate changes because the official currency of the Company is the Saudi Riyal, and all transactions are currently in Saudi Riyals, or United States Dollars, which currency is pegged against Saudi Riyal.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Management does not believe that the fair values of the Company's financial assets and liabilities differ materially from their carrying values.

(Saudi Riyals)

Categories of financial assets and financial liabilities

The carrying amounts presented in the unconsolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	31 December 2021	31 December 2020
Financial assets		
Financial assets at amortized cost:		
Security deposits (note 11)	**150,000**	317,580
Retention receivables	**7,742,015**	26,899,138
Trade receivables (note 10)	**168,464,166**	146,277,020
Due from related parties (note 25)	**28,904,040**	42,271,291
Cash and cash equivalents (note 12)	**39,937,722**	186,790,936
Financial liabilities		
Financial liabilities at amortized cost:		
Short term borrowings (note 16)	**100,000,000**	**-**
Trade payables	**19,165,047**	25,962,220
Due to related parties (note 25)	**25,032,351**	117,392,851
Salaries payables (note 17)	**1,080,022**	1,041,523

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The tables include both commission and principal cash flows:

31 December 2021	**Commission rate %**	**On demand SR**	**within one year SR**	**One year to three years SR**	**Total SR**
Short term borrowings	SAIBOR+1.75%	**-**	**101,342,780**	**-**	**101,342,780**
Other liabilities	Interest free	**1,080,022**	**-**	**-**	**1,080,022**
Due to related parties	Interest free	**28,904,040**	**-**	**-**	**28,904,040**
Total		**29,984,062**	**101,342,780**	**-**	**131,326,842**

31 December 2020	Commission rate %	On demand SR	within one year SR	One year to three years SR	Total SR
Other liabilities	Interest free	1,041,523	-	-	1,041,523
Due to related party	Interest free	42,271,291	-	-	42,271,291
Total		43,312,814	-	-	43,312,814

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(Saudi Riyals)

Credit risk

Credit risk is the risk that other parties will fail to discharge their obligations and cause the Company to incur a financial loss. Financial instruments that subject the Company to concentrations of credit risk consist of its bank balance, trade receivable, due from related parties, retention receivable, unbilled revenue and certain other receivables.

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:

	31 December 2021	31 December 2020
Cash and cash equivalent (note 12)	**39,937,722**	187,066,681
Due from related parties (note 25)	**28,904,040**	42,271,291
Trade receivables (note 10)	**168,464,166**	145,462,510
Retentions receivable	**7,742,015**	26,899,138
Unbilled revenue	**86,823,935**	86,833,977
Security deposits (note 11)	**150,000**	317,580
	332,021,878	488,851,177

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

The Company deposits its cash balances with a major high credit-rated financial institution and does not believe that there is a significant risk of non-performance by this financial institution. Trade receivable, retention receivables and unbilled revenue comprises amounts due from high profile companies in the Kingdom of Saudi Arabia, whilst other receivables include due from related parties, security deposits with service providers. Management monitors this exposure and does not believe that the credit risk is material.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments or their associated cash flows will fluctuate due to changes in market commission rates. The Company has no significant commission-bearing assets but has commission - bearing liabilities as at 31 December 2021. The Company borrow funds at floating commission rates.

The following table demonstrates the sensitivity to a reasonably possible change in commission rates on that portion of short-term borrowings affected. With all other variables held constant, the Company's loss before zakat and income tax is affected through the impact on floating rate, as follows

	Change in SAIBOR rate	**31 December 2021**	31 December 2020
Effect on profit for the year	+100 basis points	493,150	-
	-100 basis points	(493,150)	-

28. CONTINGENCIES AND COMMITMENTS

Contingencies

1) The Company is currently in litigation with a subcontractor for SR 9 million as a result of the termination of the contract. The applicant lodged formal proceedings with the Court against the Company. The court required both the parties to appoint their respective arbitrators, who then appoint a third arbitrator to form a panel of three arbitrators. No further action was undertaken by subcontractor. This matter has been on hold for over a year. However, during the year the company has received a new notice from subcontractor for a change in arbitrator and nominating their new arbitrator to proceed with the arbitration. This matter has been dormant since then. Management is confident that the outcome of this case will be in favor of the Company and no provisions is required to be recognized in the unconsolidated financial statements.

Contingencies *(continued)*

2) The Company is also in litigation with another subcontractor for USD 6.6 million as a result of the termination of the contract in connection to the scope of work to be performed by subcontractor. The company issued a termination notice back in 2018. However, this matter was dormant for 2 to 3 years. Subcontractor has now registered a claim against the Company for SR 25 million (USD 6.6 million.). The Company has challenged the claim initiated by the subcontractor on jurisdictional grounds. The court has withheld the Company challenge and dismissed the claim. Subcontractor had 30 days to appeal which has already expired. There has been no further development on this case. Management is confident that the outcome of this case will be in the favor of the Company and no provisions is required to be recognized in the unconsolidated financial statements.

3) One of the customer "Claimant" has initiated a claim against the Company for breach of contract and delay in services. They are claiming liquidated damages amounting to SR 379,782 (USD 101,276) plus compensation as of December 2021. This matter is in the initial stage. The court requested from the parties to submit their final memorandum in order to determine a judgement. The claimant submitted its memorandum of claim on 16 March 2022. As part of the memorandum, the Claimant has demanded SR 5,847,300 and SR 82,756 as damages in addition to the actual contract amount of SR 379,782. Additionally, the claimant has demanded SR 498,000 as compensation for the cost of maintenance of the old system. The company has also submitted its memorandum on 23 March 2022. Management is confident that the outcome of this case will be in the favor of the Company and no provisions is required to be recognized in the unconsolidated financial statements.

Commitments

As of 31 December 2021, the Company had commitments related outstanding letters of guarantee amounting to SR 94 million (31 December 2020: SR 99 million).

29. SUBSEQUENT EVENTS

There are no subsequent events that require disclosure or amendments to the accompanying unconsolidated financial statements.

30. APPROVAL OF UNCONSOLIDATED FINANCIAL STATEMENTS

These unconsolidated financial statements were authorized for issue and approved on 23 June, 2022 (corresponding to 24 Dhu‘l-Qi‘dah 1443H) by the Board of Directors of the Company.