

**BARBEQUE NATION
MENA HOLDING LIMITED**

Financial Statements

31 March 2021

Registered office:

P.O. Box 71241
Dubai, U.A.E.

BARBEQUE NATION MENA HOLDING LIMITED

Financial Statements

31 March 2021

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BARBEQUE NATION MENA HOLDING LIMITED

Director's Report

The director submits his report and financial statements for the financial year ended 31 March 2021.

Results

The loss for the year amounted to AED 303,100/-.

Review of the business

The company is registered to invest in limited liability companies, partnerships, joint ventures and any other company, general trading, investments in equities, shares and securities worldwide, investment in international properties worldwide, own real property of the Palm Islands or Jumeirah Islands or any property owned by Nakheel or Emaar Properties or any other real property approved by the authority and any other activity approved by Jebel Ali Free Zone Authority. During the year, the company was mainly engaged in investment activity and has charged management fees, interest, royalty and commission to its subsidiary companies.

The company also has a branch namely Barbeque Nation Holdings Limited (DMCC Branch), licensed to act as representative and regional liaison office to coordinate and supervise restaurant business in Middle East. The said branch license is under voluntary liquidation with DMCC authority as per resolution dated 26 November 2020.

The global outbreak of the COVID-19 virus has severely affected the food and beverage industry globally and UAE is no different. The extent and duration of impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Local authorities in UAE have taken number of precautionary measures including full/partial closure of restaurants, timing restrictions and restrictions of seating capacity. These measures have resulted into consequential effects on the food and beverage industry.

Going concern basis

The Directors have reasonable expectation that the company has adequate support from the shareholder to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2021.

Events since the end of the year

There were no important events, which have occurred since the year-end that materially affect the company.

Shareholder and its interest

The shareholder at 31 March 2021 and its interest as at that date in the share capital of the company was as follows:

<i>Name of the shareholder</i>	<i>Country of incorporation</i>	<i>No. of shares</i>	<i>AED</i>
Barbeque-Nation Hospitality Limited	India	159,425	15,942,500

Auditors

A resolution to re-appoint **KSI Shah & Associates** as auditors and fix their remuneration will be put to the board at the annual general meeting.

Mr. Mansoor Mohmed Ismail Memon
Director



Independent Auditors' Report to the Shareholder/Directors' of BARBEQUE NATION MENA HOLDING LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **BARBEQUE NATION MENA HOLDING LIMITED** (the "Company"), which comprises of the statement of financial position as at 31 March 2021, and the statement of 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 and explanatory notes.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2021 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Policies.

Basis for Qualified Opinion

- 1) As stated in notes 6(b) and 7(b), 6(d) and 7(d) and 6(f) and 7(f) to the financial statements, no impairment is required in value of investment in subsidiaries and long term loan given to the subsidiaries based in U.A.E., Oman and Malaysia, considering negative equity/accumulated losses of the subsidiary companies. Adjustments required, if any, due to the above limitations are not included in these financial statements.
- 2) As stated in note 11(a) to the financial statements, The loan principal repayment due on 27th August 2020, 25th November 2020, 23rd February 2021 and 25th February 2021 for amount of AED 4,018,650/- (equivalent to US\$ 1,095,000/-) to the banks (Axisbank and Yesbank) has been deferred (not paid by company) and moratorium for extension of repayment is requested to the bankers of the group in line with RBI guidelines by Barbeque Nation Hospitality Ltd, India, vide letter dated 28th August 2020. This may have adverse effect on the going concern assumption of the company. However, in the opinion of the management, the use of the going concern basis is appropriate as the parent company, Barbeque Nation Hospitality Ltd, India, giving undertaking that it will continue to provide all financial, technical and other resources to the company to enable it to continue operations for the foreseeable future and will not demand repayment of the loan unless the company has sufficient resources.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other matter – Impact of Covid-19

As disclosed in note 20, COVID-19 affects the subsidiaries based in U.A.E., Malaysia and Oman engaged in restaurant business and results in certain uncertainties for the future financial position and performance of the subsidiaries. Uncertainties related to the potential effects of COVID-19 are relevant to understanding the audit of the financial statements. The audits assess and challenge the reasonableness of estimates made by the subsidiaries, the related disclosures and the appropriateness of the preparation of the financial statements on a going concern basis.

Independent Auditors' Report to the Shareholder/Directors' of BARBEQUE NATION MENA HOLDING LIMITED

Report on the Audit of the Financial Statements (contd.)

Other matter – Impact of Covid-19 (contd.)

The appropriateness of the going concern basis depends on assessments of the economic environment and the subsidiaries' performance for the foreseeable future. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of this report, its effects are subject to significant levels of uncertainty. We have evaluated the risks and uncertainties as described in the aforementioned disclosure and consider the disclosure to be adequate. However, an audit cannot predict the unknowable factors or all possible future implications for Subsidiaries and this is particularly the case in relation to COVID-19.

Emphasis of matter

Without further qualifying our audit opinion, we draw attention to note 2 (a) which states that these financial statements represent the assets, liabilities and results of operations of the company on a stand-alone basis.

The financial statements of its subsidiary companies are not consolidated in these financial statements, as separate consolidated financial statements will be prepared by the company.

Other Information

Management is responsible for the other information. Other information comprises the director's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Policies, 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 are responsible for overseeing the Company's financial reporting process.

Independent Auditors' Report to the Shareholder/Directors' of BARBEQUE NATION MENA HOLDING LIMITED

Report on the Audit of the Financial Statements (contd.)

Auditors' 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 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 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 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.

KSI Shah of Associates
CHARTERED ACCOUNTANTS
Dubai

20 May 2021



BARBEQUE NATION MENA HOLDING LIMITED

Statement of Financial Position

At 31 March 2021

	<i>Notes</i>	<i>2021</i> <i>AED</i>	<i>2019</i> <i>AED</i>
ASSETS			
Non-current assets			
Fixed assets	5	34,139	194,194
Investments in subsidiary companies	6, 15	1,790,337	1,790,337
Long term loans to subsidiary companies	7, 15	<u>43,726,482</u>	<u>41,231,880</u>
		<u>45,550,958</u>	<u>43,216,411</u>
Current assets			
Other receivables and prepayment		12,000	150,637
Bank balance	8	<u>109,682</u>	<u>256,884</u>
		<u>121,682</u>	<u>407,521</u>
TOTAL ASSETS		<u>45,672,640</u>	<u>43,623,932</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	15,942,500	15,942,500
Accumulated losses		<u>(4,678,839)</u>	<u>(4,375,739)</u>
Total equity		<u>11,263,661</u>	<u>11,566,761</u>
Non-current liabilities			
Bank borrowings	11	14,328,293	19,918,925
Shareholder's loan account	10	<u>10,180,578</u>	<u>6,317,035</u>
		<u>24,508,871</u>	<u>26,235,960</u>
Current liabilities			
Accruals and other payables	12	286,128	207,608
Bank borrowings	11	<u>9,613,980</u>	<u>5,613,603</u>
		<u>9,900,108</u>	<u>5,821,211</u>
TOTAL EQUITY AND LIABILITIES		<u>45,672,640</u>	<u>43,623,932</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on pages 2 to 4.

Approved by the board of directors on 20th May 2021 and signed on their behalf by:

For BARBEQUE NATION MENA HOLDING LIMITED

Mr. Mansoor Mohmed Ismail Memon
Director



BARBEQUE NATION MENA HOLDING LIMITED

Statement of Comprehensive Income for the year ended 31 March 2021

	<i>Notes</i>	<i>2021</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Revenue	13, 15	1,714,095	2,242,513
Expenses	14	(270,818)	(775,813)
Foreign exchange (loss)/gain		(149,834)	128,562
Finance charges	15, 16	<u>(1,596,543)</u>	<u>(2,124,961)</u>
(Loss) for the year		(303,100)	(529,699)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(303,100)</u>	<u>(529,699)</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

BARBEQUE NATION MENA HOLDING LIMITED

Statement of Changes in Equity
for the year ended 31 March 2021

	<i>Share capital <u>AED</u></i>	<i>Accumulated losses <u>AED</u></i>	<i>Total <u>AED</u></i>
As at 31 March 2019	14,052,500	(3,846,040)	10,206,460
Effect of increase in share capital	1,890,000	-	1,890,000
Loss for the year	<u>-</u>	<u>(529,699)</u>	<u>(529,699)</u>
As at 31 March 2020	15,942,500	(4,375,739)	11,566,761
Loss for the year	<u>-</u>	<u>(303,100)</u>	<u>(303,100)</u>
As at 31 March 2021	<u>15,942,500</u>	<u>(4,678,839)</u>	<u>11,263,661</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

BARBEQUE NATION MENA HOLDING LIMITED

Statement of Cash Flows for the year ended 31 March 2021

	<i>Note</i>	<u>2021</u> <u>AED</u>	<u>2019</u> <u>AED</u>
<u>Cash flows from operating activities</u>			
(Loss) for the year		(303,100)	(529,699)
Adjustments for:			
Depreciation		61,709	72,427
Fixed assets written off		98,346	-
Provision for staff end of service gratuity (net)		-	(2,947)
Finance costs to banks		1,461,019	1,828,967
Finance costs to the shareholder		135,524	295,994
Interest income from long term loan		<u>(1,594,095)</u>	<u>(2,122,513)</u>
Operating (loss) before working capital changes		(140,597)	(457,771)
Changes in other receivables and prepayment		138,637	(107,040)
Changes in accruals and other payables		<u>78,520</u>	<u>(427,654)</u>
Net cash from/(used in) operating activities		<u>76,560</u>	<u>(992,465)</u>
<u>Cash flows from investing activities</u>			
Interest income from long term loan given		1,594,095	2,122,513
(Payments for) loan given to subsidiary companies		<u>(2,494,602)</u>	<u>(1,212,261)</u>
Net cash (used in)/from investing activities		<u>(900,507)</u>	<u>910,252</u>
<u>Cash flows from financing activities</u>			
Proceeds from the shareholder's loan		3,863,543	6,888,231
Repayments of bank borrowings		(1,571,983)	(5,503,470)
Repayment of vehicle loan		(18,272)	(25,076)
Finance costs paid to banks		(1,461,019)	(1,828,967)
Finance costs paid to the shareholder		<u>(135,524)</u>	<u>(295,994)</u>
Net cash from/(used in) financing activities		<u>676,745</u>	<u>(765,276)</u>
Net changes in cash and cash equivalents		(147,202)	(847,489)
Cash and cash equivalents at beginning of the year		<u>256,884</u>	<u>1,104,373</u>
Cash and cash equivalents at end of the year	9	<u>109,682</u>	<u>256,884</u>

The accompanying notes 1 to 21 form an integral part of these financial statements.

BARBEQUE NATION MENA HOLDING LIMITED

(Incorporated in Jebel Ali Free Zone Authority)

(Registration No 171179)

Notes to the Financial Statements

for the year ended 31 March 2021

1. Legal status

- a) **BARBEQUE NATION MENA HOLDINGS LIMITED** (“The Company”) is an Offshore company with limited liability, registered on 25 March 2015 with the Jebel Ali Free Zone Authority, Dubai, United Arab Emirates, under the registration number 171179. The company also has a branch namely Barbeque Nation Holdings Limited (DMCC Branch), licensed to act as representative and regional liaison office to coordinate and supervise restaurant business in Middle East. The said branch license is under voluntary liquidation with DMCC authority as per resolution dated 26 November 2020.
- b) The company is registered to invest in limited liability companies, partnerships, joint ventures and any other company, general trading, investments in equities, shares and securities worldwide, investment in international properties worldwide, own real property of the Palm Islands or Jumeirah Islands or any property owned by Nakheel or Emaar Properties or any other real property approved by the authority and any other activity approved by Jebel Ali Free Zone Authority. During the year, the company was mainly engaged in investment activity and has charged management fees and interest to its subsidiary companies.

2. Basis of preparation

- a) These financial statements do not include the financial statements of its subsidiary companies, Barbeque Nation Restaurant LLC, Barbeque Nation (Malaysia) SDN BHD and Barbeque Nation International LLC. The company prepares separate consolidated financial statements in respect of its investments in subsidiaries.

b) Going concern

These financial statements have been prepared on a going concern basis notwithstanding the coronavirus outbreak that caused business and social disruption as detailed in Note 21 and non-repayment of installments due to the financial institutions as detailed in Note 12(a). The continuation of the company’s operations is dependent upon future profitable operations of the subsidiaries and continued financial support from the shareholder, Barbeque-Nation Hospitality Limited. The management of the company has developed plans to ensure the viability and continuity of the company as a going concern and to meet its obligations as they fall due. Furthermore, the shareholder has confirmed that they would arrange and provide such financial support to the Company as is necessary, for it to be able to continue its subsidiaries operations and meet its obligations as they fall due in the foreseeable future.

c) Statement of compliance

The financial statements are prepared in accordance with Generally Accepted Accounting Policies adopted by the company and the implementing rules and regulations of the Jebel Ali Free Zone Authority.

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements

for the year ended 31 March 2021

d) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are being measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

e) Functional and presentation currency

These financial statements are presented in U.A.E. Dirhams, which is the company's functional and presentation currency.

3. Use of estimates and judgment

The preparation of the financial statements in conformity with Generally Accepted Accounting Policies requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of fixed assets, investments and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

BARBEQUE NATION MENA HOLDING LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2021****Classification of investment as a subsidiary***

The company has classified its 49% investment in Barbeque Nation Restaurant LLC and Barbeque Nation International LLC, limited liability companies, as its' subsidiary, considering all relevant circumstances, the management is of the opinion that it is in a position to control the investee company.

Mr. Sulaiman Mohamed Khalifa Alsuwaidi acts as a local sponsor of Barbeque Nation Restaurant LLC and receives a sponsorship fees. As per verbal arrangement, he does not take part in the operational and financial management of the investee company, which is considered as a subsidiary.

M/s. Green Land Development Trading LLC acts as a local sponsor of Barbeque Nation International LLC and receives a sponsorship fees. As per verbal arrangement, he does not take part in the operational and financial management of the investee company, which is considered as a subsidiary.

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Residual values of fixed assets

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Estimated useful life of fixed assets

Management determines the estimated useful lives and depreciation charge for its fixed assets at the time of addition of the assets and is reviewed on annual basis.

Provision for expected credit losses of trade receivables

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

Assessments of net recoverable amounts of fixed assets, investments and long term loans are based on assumptions regarding future cash flows expected to be received from the related assets.

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements

for the year ended 31 March 2021

Staff end-of-service gratuity

The company computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Going concern assumptions

The company's management has performed a preliminary assessment of the company's ability to continue as a going concern, which covers a period of twelve months from the date of approval of these financial statements. These forecasts have been prepared taking into consideration the nature and condition of its business, the degree to which it is affected by external factors and other financial and non-financial data available at the time of preparation of such forecasts. On the basis of such forecasts, the Company's management is of the opinion that the Company will be able to continue its subsidiaries' operations for the next twelve months from the financial position date and that the going concern assumption used in the preparation of these financial statements is appropriate. The appropriateness of the going concern assumption shall be reassessed on each reporting date.

4. Significant accounting policies

a) Depreciation of fixed assets

The cost of fixed assets is depreciated by equal annual installments over their estimated useful lives as follows:

Office interior	9 years
Furniture and fixtures	5 years
Computers	3 years
Vehicle	4 years

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

b) Investments in subsidiaries

Subsidiary is an entity (investee) which is controlled by another entity (the Parent or the Investor). The control is based on whether,

- a) The Investor has power over the investee
- b) It is exposed to rights of variable returns and
- c) It has the ability to use its power to affect the amount of the returns.

BARBEQUE NATION MENA HOLDING LIMITED**Notes to the Financial Statements***for the year ended 31 March 2021***Investments in subsidiaries (contd.)**

The purchase method of accounting is used to account for the acquisition of subsidiary. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Investment in subsidiaries are stated at cost less provision for impairment if any.

Income from investment in subsidiary is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

c) Financial instruments**Recognition and Initial measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortised cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include other current financial assets, and cash and cash equivalents. Due to the short term nature of current receivables, their carrying amounts are considered to be the same as their fair values.

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

Classification and subsequent measurement of financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

The company's financial liabilities include accruals and other payables and bank borrowings. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short term nature.

Derecognition of financial assets and financial liabilities

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire 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.

A financial liability is derecognised when the obligation under the liability is discharged or 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised 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.

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date.

BARBEQUE NATION MENA HOLDING LIMITED**Notes to the Financial Statements***for the year ended 31 March 2021***d) Impairment of non-financial assets**

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the statement of comprehensive income.

e) Installment plans

Future installments payable under installment plan net of finance charges, are shown under bank borrowings with the corresponding asset value recorded as fixed assets and depreciated over their estimated useful lives. Payments are apportioned between the finance element charged to combined statement of comprehensive income and the capital element, which reduces the capital amount outstanding.

f) Provision

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting year, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

g) Short-term lease

The Company applies the short-term lease recognition exemption to its short-term leases of office premise (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.

BARBEQUE NATION MENA HOLDING LIMITED**Notes to the Financial Statements***for the year ended 31 March 2021***h) Revenue recognition****Services**

The company is in the business of investing and providing hospitality management services.

Revenue from providing above services is recognized as the services are rendered. Revenue in respect of above services is recognised over time, if one of the following criteria is met –

- a) the customer simultaneously receives and consumes the benefits provided by the company's performance as and when the company performs; or
- b) the company's performance creates or enhances an asset that the customer controls as the asset is created or enhances; or
- c) the company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

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

Management fees for providing managerial services to a related party are charged as per the agreement with the related party and are accounted on accrual basis.

Interest income

Interest income is presented as financial income where it is earned from financial asset that are held for cash management purposes.

i) Borrowing costs

Finance expense comprises interest expense on bank borrowings and shareholder's loan is recognised in Statement of comprehensive income.

j) Foreign currency transactions

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the reporting date. Resulting exchange gains/losses are taken to the statement of comprehensive income.

k) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash on hand, bank current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

5. Fixed assets	Office Interior ^a	Furniture, fixtures and office Equipment ^a	Vehicle ^b	Total
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Cost				
As at 01.04.2020	129,955	111,550	95,999	337,504
Written off during the year	(129,955)	-	-	(129,955)
As at 31.03.2021	<u>-</u>	<u>111,550</u>	<u>95,999</u>	<u>207,549</u>
Depreciation				
As at 01.04.2020	27,535	65,029	50,746	143,310
Charge for the year	4,074	33,635	24,000	61,709
Relating to write-offs	(31,609)	-	-	(31,609)
As at 31.03.2021	<u>-</u>	<u>98,664</u>	<u>74,746</u>	<u>173,410</u>
Net book value				
As at 31.03.2021	<u>-</u>	<u>12,886</u>	<u>21,253</u>	<u>34,139</u>
As at 31.03.2020	<u>102,420</u>	<u>46,521</u>	<u>45,253</u>	<u>194,194</u>

^a Office at Mazaya Tower, Jumeirah Lakes Towers, Dubai, U.A.E., vacated on 12 July 2020 and hence written off during the current year.

^b Registered in the name of a related party (Barbeque Nation Restaurant LLC) and is under installment plan liability (refer note 11).

6. Investment in subsidiary companies	2021	2020
	<u>AED</u>	<u>AED</u>
Barbeque Nation Restaurant LLC, Dubai, U.A.E. ^{ab}	147,000	147,000
Barbeque Nation (Malaysia) SDN BHD ^{cd}	942,000	942,000
Barbeque Nation International LLC ^{ef}	701,337	701,337
	<u>1,790,337</u>	<u>1,790,337</u>

^a Represents investment in Barbeque Nation Restaurant LLC, incorporated in Dubai, U.A.E. - 49 % interest in share capital (147 shares of AED 1,000 each).

^b As per the management accounts of the subsidiary for the year ended 31 March 2021, the subsidiary was having accumulated losses of AED 32,961,850/- and deficit in equity of AED 32,661,850/-. However, in the opinion of the management, no impairment is required in the value of this investment.

^c Represents investment in Barbeque Nation (Malaysia) SDN. BHD. incorporated in Malaysia. - 100 % interest in share capital (500,000 shares of MYR 1 each - converted @ 1 RM = 0.9418 AED issued on 24.01.18) and (500,000 shares of RM 1 each - converted @ 1 RM = 0.9422 AED issued on 13.03.2018)

^d As per the audited accounts of the subsidiary for the year ended 31 March 2021, the subsidiary was having accumulated losses of RM 4,376,627/- and deficit in equity of RM 3,376,627/-. However, in the opinion of the management, no impairment is required in the value of this investment.

^e Represents investment in Barbeque Nation International LLC, incorporated in Oman - 49 % interest in share capital (73,500 shares of OMR 1 each - converted @ 1 OMR = 9.542 AED)

^f As per the audited accounts of the subsidiary for the year ended 31 March 2021, the subsidiary was having accumulated losses of OMR 194,163/- and deficit in equity of OMR 44,163/-. However, in the opinion of the management, no impairment is required in the value of this investment.

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

	2021 <u>AED</u>	2020 <u>AED</u>
7. Long term loan to subsidiary companies		
Barbeque Nation Restaurant LLC, Dubai, U.A.E. ^{ab}	37,201,924	35,005,246
Barbeque Nation (Malaysia) SDN BHD ^{cd}	3,712,574	3,474,592
Barbeque Nation International LLC ^{ef}	<u>2,811,984</u>	<u>2,752,042</u>
	<u>43,726,482</u>	<u>41,231,880</u>
^a Represents unsecured and interest bearing loan given to a subsidiary company, Barbeque Nation Restaurant LLC, Dubai, U.A.E.		
^b As per the management accounts of the subsidiary for the year ended 31 March 2021, the subsidiary was having accumulated losses of AED 32,961,850/- and deficit in equity of AED 32,661,850/-. However, in the opinion of the management, no impairment is required in the value of this investment.		
^c Represents unsecured and interest bearing loan given to a subsidiary company, Barbeque Nation (Malaysia) SDN BHD, Malaysia.		
^d As per the audited accounts of the subsidiary for the year ended 31 March 2021, the subsidiary was having accumulated losses of RM 4,376,627/- and deficit in equity of RM 3,376,627/-. However, in the opinion of the management, no impairment is required in the value of this investment.		
^e Represents unsecured and interest bearing loan given to a subsidiary company, Barbeque Nation International LLC, Oman.		
^f As per the audited accounts of the subsidiary for the year ended 31 March 2021, the subsidiary was having accumulated losses of OMR 194,163/- and deficit in equity of OMR 44,163/-. However, in the opinion of the management, no impairment is required in the value of this investment.		
	2021 <u>AED</u>	2020 <u>AED</u>
8. Bank balance		
In a current account	<u>109,682</u>	<u>256,884</u>
9. Share capital		
Authorised capital		
300,000 shares of AED 100 each	<u>30,000,000</u>	<u>30,000,000</u>
Issued, subscribed and paid up capital		
159,425 shares of AED 100 each	<u>15,942,500</u>	<u>15,942,500</u>
10. Shareholder's loan account		
This amount represents unsecured and interest bearing loan at 0.25% over the lending rate received from the shareholder, Barbeque-Nation Hospitality Limited, without fixed repayment terms (refer notes 15, 16).		
	2021 <u>AED</u>	2020 <u>AED</u>
Opening balance	6,317,035	1,318,804
Funds received during the year	3,863,543	6,888,231
Effect of increase in share capital	-	(1,890,000)
Closing balance	<u>10,180,578</u>	<u>6,317,035</u>

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

	2021 <u>AED</u>	2020 <u>AED</u>
11. Bank borrowings ^a		
Term loans		
Payable within next twelve months (<i>current portion</i>) – (A)	9,609,283	5,590,634
Payable after next twelve months (<i>non-current portion</i>) - (B)	<u>14,328,293</u>	<u>19,918,925</u>
	<u>23,937,576</u>	<u>25,509,559</u>
Vehicle loan		
Payable within next twelve months (<i>current portion</i>) - (C)	<u>4,697</u>	<u>22,969</u>
Presented on statement of financial position as follows		
Total payable within next twelve months (<i>current portion</i>) - (A+C)	<u>9,613,890</u>	<u>5,613,603</u>
Total payable after next twelve months (<i>non-current portion</i>) - (B)	<u>14,328,293</u>	<u>19,918,925</u>
<i>Bank borrowings and other banking facilities are secured as per facility letter dated 26th September 2016 and 29th September 2017 against:</i>		
1) Irrevocable and unconditional corporate guarantee of the shareholder.		
2) First pari passu charge on all current assets, movable fixed assets (present and future), security deposit of Barbeque Nation Hospitality Ltd, India. (Shareholder)		
3) First pari passu charge on Barbeque Nation India Brand and other intangible assets.		
<i>In addition, there are various conditions and financial covenants attached to the bank facilities, which are in the normal course of business.</i>		
^a <i>The loan principal repayment due on 27th August 2020, 25th November 2020, 23rd February 2021 and 25th February 2021 for amount of AED 4,018,650/- (equivalent to US\$ 1,095,000/-) to the banks (Axisbank and Yesbank) has been deferred (not paid by company) and moratorium for extension of repayment is requested to the bankers of the group in line with RBI guidelines by Barbeque Nation Hospitality Ltd, India, vide letter dated 28th August 2020.</i>		
	2021 <u>AED</u>	2020 <u>AED</u>
12. Accruals and other payables		
Interest payable on term loans	196,041	53,144
Accruals	<u>90,087</u>	<u>154,464</u>
	<u>286,128</u>	<u>207,608</u>
13. Revenue		
Interest income from long term loan given (<i>refer note 15</i>)	1,594,095	2,122,513
Management fees (<i>refer note 15</i>)	<u>120,000</u>	<u>120,000</u>
	<u>1,714,095</u>	<u>2,242,513</u>
14. Expenses		
Staff salaries and benefits	-	442,719
Rent	21,129	60,000
Other administrative expenses	89,634	200,667
Fixed assets written off	98,346	-
Depreciation (<i>refer note 5</i>)	<u>61,709</u>	<u>72,427</u>
	<u>270,818</u>	<u>775,813</u>

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

15. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other entities.

The relationship of related parties is as under –

- a) Sole shareholder
 - Barbeque-Nation Hospitality Limited, India
- b) Subsidiary companies
 - Barbeque Nation Restaurant LLC, U.A.E.
 - Barbeque Nation (Malaysia) SDN BHD MALAYSIA.
 - Barbeque Nation International LLC, Oman

The nature and amount of related party transactions during the year are as under:

	<i>Sole shareholder AED</i>	<i>Subsidiary companies AED</i>	<i>Total 2021 AED</i>	<i>Total 2020 AED</i>
Revenue				
Interest income from long term loan given	-	1,594,095	1,594,095	2,122,513
Management fees	-	120,000	120,000	120,000
Expenses				
Finance costs to the shareholder	135,524	-	135,524	295,994

At the reporting date, balances with related parties were as follows:

	<i>Shareholder AED</i>	<i>Subsidiary companies AED</i>	<i>Total 2021 AED</i>	<i>Total 2020 AED</i>
Under non-current assets				
Investment in subsidiaries	-	1,790,337	1,790,337	1,790,337
Long term loan to subsidiaries	-	43,726,482	43,726,482	41,231,880
Under non-current liabilities				
Shareholder's loan account	10,180,578	-	10,180,578	6,317,035
			<i>2021 AED</i>	<i>2020 AED</i>

16. Finance charges

Interest on term loans	1,458,571	1,826,519
Interest on vehicle loan	2,448	2,448
Interest on shareholder's loan (refer note 15)	135,524	295,994
	<u>1,596,543</u>	<u>2,124,961</u>

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

17. Financial instrument risks

The company has exposure to the following risks from use of its financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of other receivables and bank balances.

Trade and other receivables

There is no significant exposure from trade and other receivables within and outside U.A.E. and outside the industry in which the company operates.

Bank balance

The company's bank balance in a current account is placed with a high credit quality financial institution.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The company has given loan to a related party and obtained loan from the shareholder at fixed rate of interest. Bank borrowings is at fixed and floating rates of interest prevailing in international market.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant, of the company's profit for the year (through the impact on floating rate borrowings).

	<i>Changes in basis points 2021 (bps)</i>	<i>Sensitivity of interest expenses 2021 AED</i>	<i>Changes in basis points 2020 (bps)</i>	<i>Sensitivity of interest expenses 2020 AED</i>
Interest rates	+/- 50	9,588	+/- 40	9,065
6M LIBOR	+/- 50	110,100	+/- 60	139,460

There is no material impact on equity for a change in interest rate.

BARBEQUE NATION MENA HOLDING LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

Exchange rate risk

Except for the following amounts there are no significant exchange rate risks as substantially all financial assets and financial liabilities are determined in U.A.E. Dirhams or US Dollars to which the Dirham is fixed:

	<i>2021</i> <i>Equivalent</i> <i>AED</i>	<i>2020</i> <i>Equivalent</i> <i>AED</i>
Foreign currency liability:		
Indian rupees	10,180,578	6,317,035

The following table illustrates the sensitivity of profit for a reasonable change in foreign exchange rates, with all other variables held constant at 31 March 2021 and 2020.

<i>Particulars</i>	<i>2021</i>			<i>2020</i>		
	<i>Balance</i> <i>AED</i>	<i>Change in</i> <i>currency rate</i> <i>in %</i>	<i>Effect on</i> <i>income</i> <i>statement</i> <i>AED</i>	<i>Balance</i> <i>AED</i>	<i>Change in</i> <i>currency</i> <i>rate in %</i>	<i>Effect on</i> <i>income</i> <i>statement</i> <i>AED</i>
Foreign currency liabilities						
<i>INR</i>						
<i>currency</i>	10,180,578	+/- 2%	203,612	6,317,035	+/- 10%	631,704

A change in currency rates are considered for the exchange rate have been determined based on the average market volatility in exchange rates in the year 2020-21 and 2019-20 over period of 12 months.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the directors and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

Global stress in the markets brought by the COVID-19 crisis is being felt globally due to lack of liquidity in foreign funding markets. In this environment, the Company has already taken measures to manage its liquidity carefully until the crisis is over. The company's management has been closely monitoring the cash flows and forecasts on a weekly basis to maintain a reasonably healthy balance sheet during this time and beyond.

18. Financial instruments: Fair value

Financial instruments comprise of financial assets and financial liabilities. The fair value of the company's financial assets comprising of other receivables and prepayment and bank balances and financial liabilities comprising of bank borrowings and accruals and other payables approximate to their carrying values.

BARBEQUE NATION MENA HOLDING LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2021***19. Contingent liability**

There was no contingent liability of a significant amount outstanding as at the reporting date.

20. Impact of Covid-19

The global outbreak of the COVID-19 virus has severely affected food and beverages industry globally, including UAE. The extent and duration of the impact of COVID-19 remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

Local authorities in country of subsidiaries have taken a number of precautionary measures including travel restrictions, quarantine of certain people, full/partial closure of restaurants, timing restrictions and restrictions of seating capacity at restaurant outlets. These measures have resulted into consequential effects on the food and beverage industry.

Management has implemented initiatives to mitigate the effect on the business of the Subsidiaries including increasing health and safety measures at its outlets. While the effects of the outbreak are expected to have an adverse impact on profits and operating cash flows, management believes that the Company has adequate financial support from the shareholder to continue to meet its financial commitments for the foreseeable future when they become due.

21. Comparative figures

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.