

BARBEQUE NATION RESTAURANT LLC

Reports and financial statements

For the year ended 31 March 2023

Registered office:

P.O. Box 390347

Dubai, U.A.E.

BARBEQUE NATION RESTAURANT LLC

Reports and Financial Statements

For the year ended 31 March 2023

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BARBEQUE NATION RESTAURANT LLC

Director's Report

The Director submits his report and financial statements for the financial year ended 31 March 2023.

Results and dividend

The profit for the year amounted to AED 1,416,472/-. In view of the accumulated losses, the director did not propose any dividend for the year ended 31 March 2023.

Review of the business

The company is registered and engaged in restaurant business. The company has following retail outlets in U.A.E.

- 1) Al Barsha II, Dubai
- 2) Al Karama, Dubai
- 3) Al Wahda Mall, Abu Dhabi
- 4) Al Dalma Mall, Abu Dhabi

Events since the end of the year

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

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 2023.

Shareholder and its interest

The shareholder at 31 March 2023 and its interest 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 Mena Holding Limited	U.A.E.	<u>300</u>	<u>300,000</u>

During the year, Mr. Sulaiman Mohamed Khalifa Alsuwaidi (U.A.E. national) transferred his entire shares to Barbeque Nation Mena Holding Limited effective 22 November 2022.

Auditors

A resolution to re-appoint KSI Shah & Associates as auditors and fix their remuneration will be put to board at the Annual General Meeting.

Mansoor Mohmed
Mohmed Ismail Memon
Ismail Memon

Digitally signed by Mansoor
Mohmed Ismail Memon
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Mr. Mansoor Mohmed Ismail Memon
Director



Independent Auditors' Report to the Shareholders'/Directors' of BARBEQUE NATION RESTAURANT LLC

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **BARBEQUE NATION RESTAURANT LLC** (the "Company"), which comprises of the statement of financial position as at 31 March 2023, 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 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

We draw attention to note 2.2 to the financial statements, which states that these financial statements are prepared on a going concern basis. However, in view of the accumulated losses of AED 32,952,903/- (previous year accumulated losses of AED 34,369,375/-) and the deficit of AED 32,652,903/- (previous year deficit of AED 34,069,375/-) in the equity funds, the continuance of the business as a going concern is dependent upon the company's ability to generate positive cash flows from its future operations to meet its financial obligations and the continued financial support from the shareholder, Barbeque Nation Mena Holding Limited, U.A.E. and the ultimate shareholder, Barbeque-Nation Hospitality Limited, India.

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 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.

Other Information

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 International Financial Reporting Standards, 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 Shareholders'/Directors' of BARBEQUE NATION RESTAURANT LLC

Report on the Audit of the Financial Statements (continued)

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.

Report on Other Legal and Regulatory Requirements

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

- i) we have obtained all the information necessary for the purpose of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No (2) of 2015, and the articles of association of the company;
- iii) the company has maintained proper books of account;
- iv) the financial information in the Director's Report is consistent with the books of account of the company;
- v) the company has not made any investments in shares and stocks during the year ended 31 March 2023;
- vi) note 20 reflects material related party transactions and terms under which they were conducted;
- vii) based on the information made available to us, nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended 31 March 2023 any of the applicable provisions of the UAE Federal Law No (2) of 2015 or of its activities which would materially affect its activities or its financial position as at 31 March 2023.

KSI Shah & Associates
For KSI Shah & Associates
Dubai, U.A.E.
Signed by:
Sonal P. Shah (Registration No. 123)



BARBEQUE NATION RESTAURANT LLC

Statement of Financial Position

As at 31 March 2023

	Notes	2023 <u>AED</u>	2022 <u>AED</u>
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,564,705	6,441,920
Capital work in progress	7	2,307,341	-
Right-of-use assets	8	3,423,865	5,206,139
Total non-current assets		10,295,911	11,648,059
Current assets			
Inventories	9	584,369	721,586
Trade and other receivables	10	2,810,756	1,954,897
Cash and cash equivalents	11	528,529	1,226,659
Total current assets		3,923,654	3,903,142
TOTAL ASSETS		14,219,565	15,551,201
EQUITY AND LIABILITIES			
Equity			
Share capital	12	300,000	300,000
Retained earnings		(32,952,903)	(34,369,375)
		(32,652,903)	(34,069,375)
LIABILITIES			
Non-current liabilities			
Provision for staff end of service gratuity		304,820	166,004
Lease liabilities	15	2,828,009	5,556,598
Payable to shareholder	13	36,174,726	37,579,552
Total non-current liabilities		39,307,555	43,302,154
Current liabilities			
Trade and other payables	14	4,836,322	3,947,569
Lease liabilities	15	2,728,591	2,370,853
Total current liabilities		7,564,913	6,318,422
TOTAL EQUITY AND LIABILITIES		14,219,565	15,551,201

The accompanying notes 1 to 25 form an integral part of these financial statements.

The Independent Auditors Report is set forth on pages 2 and 3.

Approved by the board of directors on 17th May 2023 and signed on their behalf by;

For BARBEQUE NATION RESTAURANT LLC

Mansoor Mohmed
Mohmed Ismail Memon
Ismail Memon

Digitally signed by Mansoor
Mohmed Ismail Memon
Date: 2023.05.24 09:15:21
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Mr. Mansoor Mohmed Ismail Memon
Director



BARBEQUE NATION RESTAURANT LLC

Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	2023 <u>AED</u>	2022 <u>AED</u>
Revenue		26,208,232	22,415,197
Cost of revenue	16	(19,959,786)	(19,278,404)
Gross profit		6,248,446	3,136,793
Expenses	17	(2,489,462)	(1,746,939)
Operating profit		3,758,984	1,389,854
Other income	18	63,217	71,744
Finance costs	19	(2,405,729)	(2,869,123)
Profit/(Loss) for the year		1,416,472	(1,407,525)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		1,416,472	(1,407,525)

The accompanying notes 1 to 25 form an integral part of these financial statements.

BARBEQUE NATION RESTAURANT LLC

Statement of Changes in Equity

For the year ended 31 March 2023

	<i>Share capital</i> <i>AED</i>	<i>Retained</i> <i>earnings</i> <i>AED</i>	<i>Total</i> <i>AED</i>
At 1 April 2021	300,000	(32,961,850)	(32,661,850)
(Loss) for the year	-	(1,407,525)	(1,407,525)
At 31 March 2022	300,000	(34,369,375)	(34,069,375)
Profit for the year	-	1,416,472	1,416,472
At 31 March 2023	300,000	(32,952,903)	(32,652,903)

The accompanying notes 1 to 25 form an integral part of these financial statements.

BARBEQUE NATION RESTAURANT LLC

Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 <u>AED</u>	2022 <u>AED</u>
Cash flows from operating activities			
Profit/(Loss) for the year		1,416,472	(1,407,525)
Adjustments for:			
Depreciation of property, plant and equipment	6	2,000,790	2,379,755
Write-offs property, plant and equipment	6	-	843,298
Finance costs	19	1,748,797	1,999,439
Effect of prior year adjustments		-	(201,211)
Provision for staff end of service gratuity (net)		138,816	(70,613)
Depreciation of right-of-use asset	8	1,782,274	1,782,274
Interest expense on lease liabilities	19	656,932	869,684
Operating cash flows before changes in operating assets and liabilities		7,744,081	6,195,101
Decrease/(increase) in inventories	9	137,217	(377,733)
(Increase)/decrease in trade and other receivables	10	(855,859)	151,401
Increase/(decrease) in trade and other payables	14	888,753	(109,613)
Cash generated from operating activities		7,914,192	5,859,156
Interest paid		(1,748,797)	(1,999,439)
Net cash generated from operating activities		6,165,395	3,859,717
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(123,575)	(177,263)
Cash outflow from capital work in progress	7	(2,307,341)	-
Net cash used in investing activities		(2,430,916)	(177,263)
Cash flows from financing activities			
(Repayments of) vehicle loans		-	(22,663)
(Repayments of)/proceeds from shareholder's loan		(1,404,826)	377,628
Repayment of lease liabilities	15	(3,027,783)	(2,990,346)
Net cash used in financing activities		(4,432,609)	(2,635,381)
Net (decrease)/increase in cash and cash equivalents		(698,130)	1,047,073
Cash and cash equivalents at the beginning of the year		1,226,659	179,586
Cash and cash equivalents at the end of the year	11	528,529	1,226,659

The accompanying notes 1 to 25 form an integral part of these financial statements.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

1 General information

a) **BARBEQUE NATION RESTAURANT LLC** ("The Company") is a limited liability company registered on 2 March 2016, in the Emirate of Dubai, under commercial license no. 753555, in accordance with the provisions of U.A.E. Federal Commercial Companies Law No. 2 of 2015. During the year, Mr. Sulaiman Mohamed Khalifa Alsuwaidi (U.A.E. national) transferred his entire shares to Barbeque Nation Mena Holding Limited effective 22 November 2022 and accordingly, legal type of the company changed to "limited liability company - single owner (LLC-SO).

b) The Company has the following restaurant outlets branches within U.A.E.

Name of outlets	Commercial license no.
Al Barsha II, Dubai	753555
Al Karama, Dubai	777058
Al Wahda Mall, Abudhabi	CN-2444589
Al Dalma Mall, Abudhabi	CN-2501789

The company also has a management office branch in Al Barsha, Dubai, U.A.E. licensed to act as managing office for coordinating procurement and payments to vendors of the company vide commercial license number 1079413 issued on 12 July 2022.

c) The company is registered and engaged in restaurant business.

2 Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2022 and the applicable requirements of the Company Commercial Law number 2 of 2015.

2.2 Going concern

These financial statements have been prepared on a going concern basis, which assumes that the company will continue to operate as a going concern for the foreseeable future. The statement of financial position shows that the accumulated losses as at 31 March 2023 amounted to AED 32,952,903/- (previous year accumulated losses of AED 34,369,375/-) and there was a deficit of AED 32,652,903/- (previous year deficit of AED 34,069,375/-) in the equity funds. The shareholder (Barbeque Nation Mena Holding Limited) and its ultimate parent company (Barbeque-Nation Hospitality Limited) have agreed to continue with the operations of the company and will provide the financial support enabling the company to meet its liabilities as and when they fall due.

2.3 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.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

2 Basis of preparation (continued)

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 (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- 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.

2.4 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 judgments

The preparation of the financial statements in conformity with IFRS 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.

The 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.

3.1 Critical judgements 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 property, plant, equipment, 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.

Determination of incremental borrowing rate used to measure lease liability

The incremental borrowing rate of 9.47% to 10.63% per annum is used to discount lease payments. The carrying amount of lease liability over the lease period is discounted at the same rate that is applied at the time of the lease commencement / adoption of IFRS 16.

3.2 Key sources of estimation uncertainty

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.

BARBEQUE NATION RESTAURANT LLC**Notes to the Financial Statements***For the year ended 31 March 2023***3 Use of estimates and judgments****3.2 Key sources of estimation uncertainty (continued)***Residual values of property, plant and equipment*

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 property, plant and equipment

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

Inventory provision

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Provision for expected credit losses of other 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 property, plant and equipment and right of use assets are based on assumptions regarding future cash flows expected to be received from the related assets.

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 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.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

4 Application of new and revised International Financial Reporting Standards (IFRSs)

4.1 New and revised International Financial Reporting Standards

The following International Financial Reporting Standards (IFRSs), amendments and interpretations issued by IASB that became effective for the current reporting period:

- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use.
- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRS 3 - References to the Conceptual
- Annual Improvements to IFRS Standards 2018 – 2020 – Amendments to IFRS 1, IFRS 9, IFRS 16 Leases and IAS 41.

During the current year, the management has adopted the above amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements. Their adoption has resulted in presentation and disclosure changes only.

4.2 International Financial Reporting Standards issued but not effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies - The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 8 - Definition of accounting estimates – The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction – The effective date of the amendments is set for annual periods beginning on or after 1 January 2023.

IFRS17 - Insurance Contracts and amendments to IFRS 17- The effective date of the standard is set for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 - Non-current liabilities with Covenants - The effective date of the amendments is set for annual periods beginning on or after 1 January 2024.

Amendments to IFRS 16 - Liability in a sale and leaseback - The effective date of the amendments is set for annual periods beginning on or after 1 January 2024.

Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture – The effective date of the amendments is not yet stated.

5 Significant accounting policies

5.1 Depreciation of property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates and any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

5 Significant accounting policies (continued)

5.1 Depreciation of property, plant and equipment (continued)

The cost of property, plant and equipment is depreciated by equal annual installments over their estimated useful lives as follows:

Restaurant improvements	6 – 9 years
Kitchen equipment	8 years
Furniture and fixtures	5 years
Computers	3 years
Vehicles	4 – 8 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.

5.2 Capital work in progress

Capital work in progress was stated at cost less accumulated impairment, if any and is transferred to respective items of property and equipment as and when available for intended use. No depreciation was charged on capital work-in-progress.

5.3 Leases

Right of use assets

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

Lease liabilities

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

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

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

5 Significant accounting policies (continued)

5.3 Leases (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of staff accommodation (i.e., those leases that have a lease term of 12 months or less from the commencement date). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

5.4 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.

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 trade and other payables and lease liabilities. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short term nature.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

5 Significant accounting policies (continued)

5.4 Financial instruments (continued)

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

For other 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.

5.5 Inventories

Inventories representing foodstuff, beverages, consumables and other related items are valued at cost.

Cost comprises invoice value plus attributable direct expenses.

5.6 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.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

5 Significant accounting policies (continued)

5.7 Provisions

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 period, 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.

5.8 Staff end of service benefits

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

5.9 Value Added Tax

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

5.10 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

5.11 Revenue recognition

Services

The company is in the business of restaurant and having retail outlets across U.A.E.

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.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

5 Significant accounting policies (continued)

5.11 Revenue recognition (continued)

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

The services rendered (including food and beverage sales) are distinct performance obligations, for which prices invoiced to the customers are representative of their stand-alone selling prices. These obligations are fulfilled at a point in time, when they have been delivered or rendered.

The amount of revenue is shown as net of discounts and VAT on services rendered.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

<i>Type of product/service</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms</i>	<i>Revenue recognition under IFRS 15</i>
Food and beverage sales	Customers obtain control of the services at the time of consumption of food and beverage. Invoices are generated at the time of the consumption. Invoices are usually payable on the spot.	Revenue is recognised at a point in time for the sale of food and beverages, when they have been delivered or rendered.

5.12 Borrowing costs

Finance expense comprises interest expense on vehicle loans, lease liabilities and shareholder's loan is recognised in Statement of Comprehensive Income.

5.13 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 gain or loss is taken to the statement of comprehensive income.

5.14 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash and cheques on hand, bank balance in 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 RESTAURANT LLC

Notes to the Financial Statements For the year ended 31 March 2023

6 Property, plant and equipment

	Restaurant improvements	Kitchen equipment	Furniture and fixtures	Vehicles	Computers	Total
	AED	AED	AED	AED	AED	AED
<i>Cost</i>						
At 1 April 2021	8,468,144	6,075,074	2,372,911	85,040	466,887	17,468,056
Additions	130,232	42,818	570	2,468	1,175	177,263
Write-offs	-	(1,469,850)	(319,119)	-	-	(1,788,969)
At 31 March 2022	8,598,376	4,648,042	2,054,362	87,508	468,062	15,856,350
Additions	-	97,758	3,492	-	22,325	123,575
At 31 March 2023	8,598,376	4,745,800	2,057,854	87,508	490,387	15,979,925
<i>Accumulated depreciation</i>						
At 1 April 2021	3,367,303	2,533,138	1,572,139	74,749	433,017	7,980,346
Depreciation expense	1,254,022	654,837	426,640	10,435	33,821	2,379,755
Write-offs	-	(736,524)	(209,147)	-	-	(945,671)
At 31 March 2022	4,621,325	2,451,451	1,789,632	85,184	466,838	9,414,430
Depreciation expense	1,263,697	546,171	185,379	306	5,237	2,000,790
At 31 March 2023	5,885,022	2,997,622	1,975,011	85,490	472,075	11,415,220
<i>Carrying amount</i>						
At 31 March 2022	3,977,051	2,196,591	264,730	2,324	1,224	6,441,920
At 31 March 2023	2,713,354	1,748,178	82,843	2,018	18,312	4,564,705

Restaurant premises are located at Al Barsha II, Dubai, U.A.E. on lease period of 9 years and 120 days, at Al Karama, Dubai, U.A.E. on lease period of 8 years and 90 days, at Al Wahda Mall, Abu Dhabi, U.A.E. on lease period of 6 years and at Al Dalma Mall, Abudhabi, U.A.E. on lease period of 6 years.

Write-offs pertained to assets at Atmosfire outlet, Jumeirah, U.A.E.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

6 Property, plant and equipment (continued)

The depreciation charge has been allocated in the statement of comprehensive income as follows:

	2023	2022
	<u>AED</u>	<u>AED</u>
Cost of revenue (Note 16)	1,995,247	2,335,499
Expenses (Note 17)	5,543	44,256
	<u>2,000,790</u>	<u>2,379,755</u>

7 Capital work in progress

Represents the amount paid for new restaurant outlet related expenses located at Silicon Central Mall, Dubai Silicon Oasis, Dubai, U.A.E., on lease period of 9 years commencing on 24 April 2023 and its commercial operations are commenced on 29 April 2023.

For capital commitments, refer note 23.

8 Leases (the Company as Lessee)

Right-of-use assets

Movement of the recognised right-of-use assets during the year:

	<i>Restaurant outlets</i>	<i>Total</i>
	<u>AED</u>	<u>AED</u>
<i>Cost</i>		
At 1 April 2021	14,899,195	14,899,195
Effect of prior year adjustments	457,583	457,583
At 31 March 2022	<u>15,356,778</u>	<u>15,356,778</u>
At 31 March 2023	<u>15,356,778</u>	<u>15,356,778</u>
<i>Accumulated depreciation</i>		
At 1 April 2021	8,148,379	8,148,379
Charge for the year	1,782,274	1,782,274
Relating to effect of prior year adjustments	219,986	219,986
At 31 March 2022	<u>10,150,639</u>	<u>10,150,639</u>
Charge for the year	1,782,274	1,782,274
At 31 March 2023	<u>11,932,913</u>	<u>11,932,913</u>
<i>Carrying amount</i>		
At 31 March 2023	<u>3,423,865</u>	<u>3,423,865</u>
At 31 March 2022	<u>5,206,139</u>	<u>5,206,139</u>

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

8 Leases (the Company as Lessee) (continued)

Represents restaurant outlets at Al Barsha II, Al Karama, Al Wahda Mall, and Al Dalma Mall, U.A.E. are on non-cancellable long term leases.

9 Inventories

	2023 <u>AED</u>	2022 <u>AED</u>
Food and beverages a b	485,329	667,755
Other consumables items	99,040	53,831
	<u>584,369</u>	<u>721,586</u>

a As physically verified, valued and certified by the management.

b Includes items costing AED 310,142/- (previous year AED 520,667/-) lying at cold storage warehouse in Dubai, U.A.E.

10 Trade and other receivables

	2023 <u>AED</u>	2022 <u>AED</u>
Trade receivables	42,997	41,807
Provision for doubtful debts	(42,997)	(41,807)
Deposits	1,043,926	1,538,165
Provision for doubtful deposits	(483,112)	(1,434,020)
Advance to suppliers	551,153	1,158,468
Provision for doubtful advances	(21,135)	(625,369)
Prepayments	1,670,533	1,164,653
Due from a shareholder	-	153,000
Other receivable	49,391	-
	<u>2,810,756</u>	<u>1,954,897</u>

11 Cash and cash equivalents

	2023 <u>AED</u>	2022 <u>AED</u>
Cash on hand	42,705	57,652
Bank balances in current accounts	485,824	1,169,007
	<u>528,529</u>	<u>1,226,659</u>

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

12 Share capital

	2023 <u>AED</u>	2022 <u>AED</u>
Authorised, issued and paid up share capital: 300 shares of AED 1,000/- each	<u>300,000</u>	<u>300,000</u>

13 Payable to shareholder

	2023 <u>AED</u>	2022 <u>AED</u>
Loan from the shareholder (refer note 20) a	36,174,726	37,000,000
Due to the shareholder (refer note 20)	-	579,552
	<u>36,174,726</u>	<u>37,579,552</u>

a Represents interest bearing loan advanced by the shareholder, Barbeque Nation Mena Holding Limited, U.A.E., which was received from shareholder's parent company in India. Interest charged by the the parent company has been charged back to Barbeque Nation Restaurant LLC at rate of 4.8343% p.a. (refer note 19).

14 Trade and other payables

	2023 <u>AED</u>	2022 <u>AED</u>
Trade payables	1,988,481	1,668,267
Payable for capital goods	256,876	-
Accruals and other payables (refer note 20)	<u>2,590,965</u>	<u>2,279,302</u>
	<u>4,836,322</u>	<u>3,947,569</u>

15 Lease liabilities

Lease liabilities recognized and maturity analysis:

	31 March 2023 <u>AED</u>	1 April 2022 <u>AED</u>
<i>Amount due for settlement within 12 months</i>		
Not later than 1 year (shown under current liabilities)	2,728,591	2,370,853
<i>Amount due for settlement after 12 months</i>		
Later than 1 year and not later than 5 years	<u>2,828,009</u>	<u>5,556,598</u>
	<u>5,556,600</u>	<u>7,927,451</u>

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

15 Lease liabilities (continued)

The movement in lease liabilities is as follows:

	<u>2023</u> <u>AED</u>	<u>2022</u> <u>AED</u>
As at the date of initial application	7,927,451	10,011,727
Effect of prior year adjustments	-	36,386
Amortization of interest expense during the year	656,932	869,684
Repayment of lease liabilities during the year	<u>(3,027,783)</u>	<u>(2,990,346)</u>
As at the end of the year	<u>5,556,600</u>	<u>7,927,451</u>

16 Cost of revenue

	<u>2023</u> <u>AED</u>	<u>2022</u> <u>AED</u>
Materials consumed	7,712,176	6,770,938
Staff salaries and benefits	6,359,988	5,299,650
Rent	114,959	42,288
Other operating expenses	1,995,142	2,204,456
Depreciation	1,995,247	2,335,499
Depreciation of right-of-use assets	1,782,274	1,782,274
Fixed assets written off	-	843,299
	<u>19,959,786</u>	<u>19,278,404</u>

17 Expenses

	<u>2023</u> <u>AED</u>	<u>2022</u> <u>AED</u>
Management fees (refer note 20)	120,000	120,000
Other administrative expenses a (refer note 20)	2,363,919	1,580,833
Bad debts written off	-	1,850
Depreciation of property, plant and equipment	<u>5,543</u>	<u>44,256</u>
	<u>2,489,462</u>	<u>1,746,939</u>

a Includes AED 411,722/- towards early termination penalty for lease cancellation of retail outlet at Reem Mall, Abudhabi.

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

18 Other income

	2023 <u>AED</u>	2022 <u>AED</u>
Interest income on fair value of deposits	45,546	41,289
Foreign exchange gain	<u>17,671</u>	<u>30,455</u>
	<u>63,217</u>	<u>71,744</u>

19 Finance costs

	2023 <u>AED</u>	2022 <u>AED</u>
Interest on vehicle loan	-	982
Interest expense on lease liabilities	656,932	869,684
Interest on shareholder's loan (refer note 20)	<u>1,748,797</u>	<u>1,998,457</u>
	<u>2,405,729</u>	<u>2,869,123</u>

20 Related party transactions

For the purpose of this 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) Companies under common management control

1. Barbeque Nation Mena Holding Limited, U.A.E. (shareholder)
2. Barbeque-Nation Hospitality Limited, India

a) Transactions

During the year, the Company entered into the following transactions with the related parties:

	2023 <u>AED</u>	2022 <u>AED</u>
Management fees	120,000	120,000
Included under other administrative expenses	-	38,446
Guarantee commission expenses		
Royalty expenses	524,163	447,859
Interest on shareholder's loan (refer note 19)	<u>1,748,797</u>	<u>1,998,457</u>

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

b) Balances

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

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Included under non-current liabilities:		
Loan from the shareholder	36,174,726	37,000,000
Due to the shareholder	-	579,552
Included under current liabilities:		
Accruals and other payables	213,995	436,534

21 Financial instruments: Credit, Market risk and Liquidity risk exposures

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

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

a) Credit risk

Financial assets, which potentially expose the company to concentration of credit risk comprise principally of bank balances.

Trade and other receivables

There is no significant concentration of credit risk from trade receivables situated within and outside U.A.E. and outside the industry in which the company operates.

Bank balances

The company's bank balances in current accounts are placed with high credit quality financial institutions.

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.

Interest rate risk

Since the loan from the shareholder is at fixed rate of interest, interest rate risk is minimum.

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:

BARBEQUE NATION RESTAURANT LLC

Notes to the Financial Statements

For the year ended 31 March 2023

21 Financial instruments: Credit, Market risk and Liquidity risk exposures (continued)

Foreign currency risk

The carrying amounts of the BARBEQUE NATION RESTAURANT LLC's foreign currency denominated monetary liabilities at the end of the reporting date are as follows:

	<u>2023</u> <u>AED</u>	<u>2022</u> <u>AED</u>
Liabilities		
INR currency	<u>213,995</u>	<u>436,534</u>

Foreign currency sensitivity analysis

	<u>2023</u> <u>AED</u>	<u>2022</u> <u>AED</u>
Profit and loss at the end of the year		
INR currency (current year: 3% and previous year: 4%)	6,420	17,461

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.

22 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, cash and bank balances and financial liabilities comprising of trade and other payables, lease liabilities and due to the shareholder approximate to their carrying values.

23 Capital commitments

	<u>2023</u> <u>AED</u>	<u>2022</u> <u>AED</u>
New restaurant outlet related expense in U.A.E. (refer note 7)	<u>810,588</u>	<u>-</u>

24 Contingent liabilities

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

25 Comparative figures

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