Al Ansari Financial Services L.L.C.
(Formerly Al Ansari Holding L.L.C.)

Consolidated Financial Statements

For the year ended 31 December 2022

Al Ansari Financial Services L.L.C.
(Formerly Al Ansari Holding L.L.C.)

Directors' report and consolidated financial statements

For the year ended 31 December 2022

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Al Ansari Financial Services L.L.C.
(Formerly Al Ansari Holding L.L.C.)

Directors' report for the year ended 31 December 2022

The Board of Directors are pleased to submit their report on the activities of Al Ansari Financial Services L.L.C. (the "Company") and its subsidiaries (together "the Group") for the year ended 31 December 2022 together with the consolidated audited financial statements and auditor's report thereon.

Principal activities

The Group is engaged in the business of buying and selling of foreign currencies and travellers cheques, execute remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of "wages protection", special products (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

Initial Public Offering

On 1 September 2022, the Group decided to offer a certain percentage of shares (percentage is yet to be decided) to the public through Initial Public Offering (IPO). Accordingly, these consolidated financial statements as of and for the year ended 31 December 2022 have been prepared in connection with the listing of the Company on the Dubai Financial Market in the United Arab Emirates.

Group restructuring

In November 2022, the Board has executed internal restructuring of the Group whereby the Company sold the entirety of the shares owned by it in Al Ansari Real Estate LLC and Al Ansari Financial Brokerage L.L.C. to Al Ansari Holding LLC, the parent entity incorporated in 2022. These entities were engaged in the business of real estate development and facilities management and provide brokerage services in local securities traded on Dubai Financial Market (DFM) & Abu Dhabi Stock Exchange (ADX).

Results for the year

The consolidated financial position of the Group as of 31 December 2022, together with the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended are set out in the accompanying consolidated financial statements.

During the year, the Group has witnessed a growth of income from continued operations by 19% and growth in net profit attributable to shareholders by 21%.

We are thankful to our customers, business partners and employees for their continual support to the Group. We look forward to maintaining a better trend in upcoming years and hope to reach further milestone in our business.

Mohammad Ali Al Ansari
Chairman
21 February 2023

Independent auditor's report to the shareholders of Al Ansari Financial Services L.L.C.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Al Ansari Financial Services L.L.C. (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

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

PricewaterhouseCoopers (Dubai Branch), Licence no. 102451
Emaar Square, Building 5, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

Independent auditor's report to the shareholders of Al Ansari Financial Services L.L.C. (continued)

Responsibilities of directors and those charged with governance for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021, and for such internal control as directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if 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 Group to cease to continue as a going concern.

Independent auditor's report to the shareholders of Al Ansari Financial Services L.L.C. (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. 32 of 2021, we report that for the year ended 31 December 2022:

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

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;

iii) the Group has maintained proper books of account;

iv) the Group has not purchased any shares during the year ended 31 December 2022;

v) note 11 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

vi) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2022 any of the applicable provisions of the UAE Federal Law No. 32 of 2021, or in respect of the Group, its Memorandum of Association which would materially affect its activities or its financial position as at 31 December 2022.

PricewaterhouseCoopers
21 February 2023

Douglas O'Mahony
Registered Auditor Number 834
Place: Dubai, United Arab Emirates

Al Ansari Financial Services L.L.C.
(Formerly Al Ansari Holding L.L.C.)

Consolidated statement of financial position

	Note	As at 31 December 2022 AED'000	2021 AED'000
ASSETS			
Non-current assets			
Right of use assets	6	67,235	49,524
Property, equipment and intangibles	7	49,067	58,055
Capital work in progress	8	4,337	2,598
Investment properties	9	-	240,863
		120,639	**351,040**
Current assets			
Cash in hand and in transit	10	1,051,113	1,078,135
Due from banks	10	1,432,617	1,674,606
Due from exchange houses and agents	10	64,863	114,411
Due from related parties	11	217	15,857
Prepayments and other receivables	12	94,001	116,730
Investments securities at fair value through profit or loss		-	4,612
		2,642,811	**3,004,351**
Total assets		**2,763,450**	**3,355,391**
LIABILITIES AND EQUITY			
LIABILITIES			
Non-current liabilities			
Lease liabilities	14	23,658	18,115
Provision for employees' end of service benefits	15	41,853	39,381
		65,511	**57,496**
Current liabilities			
Trade and other payables	16	657,492	587,042
Due to banks	17	10,824	8,836
Due to exchange houses and agents	17	39,861	40,082
Due to related parties	11	817	109,406
Borrowings from banks	18	348,750	-
Lease liabilities	14	33,965	26,059
		1,091,709	**771,425**
Total liabilities		**1,157,220**	**828,921**
EQUITY			
Share capital	20	75,000	50,000
Acquisition reserve	21	286,143	1,381,043
Shareholders' current account	22	-	96,934
Retained earnings		1,245,087	983,980
Total shareholders' equity		**1,606,230**	**2,511,957**
Non-controlling interest		-	14,513
Total equity		**1,606,230**	**2,526,470**
Total liabilities and equity		**2,763,450**	**3,355,391**

These financial statements were approved and authorised for issue by the Chief Executive Officer on the authority of shareholder on 21 February 2023.

Rashed Al Ansari
Chief Executive Officer

The notes on pages 9 to 45 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2022

	Note	2022 AED'000	2021 AED'000 (Re-presented)
Continuing operations			
Income			
Net gain on currency exchange		607,070	458,529
Net commission income	23	547,410	511,682
Interest income – net		11,484	4,968
Other income		4,339	7,481
		1,170,303	**982,660**
Expenses			
Salaries and benefits	24	(406,607)	(351,892)
General and administrative expenses	25	(99,951)	(79,168)
Depreciation and amortisation	26	(70,585)	(59,730)
Provision for expected credit losses	10.5	(2,000)	(4,000)
Finance cost on lease liabilities		(2,306)	(1,679)
Bank charges		(1,196)	(605)
Profit from continuing operations		**587,658**	**485,586**
Profit from discontinued operations	5	7,637	5,629
Net profit for the year		**595,295**	**491,215**
Other comprehensive income		-	-
Total comprehensive income for the year		**595,295**	**491,215**
Net profit attributable to:			
Shareholders of Al Ansari Financial Services L.L.C.		594,859	491,150
Non-controlling interest		436	65
		595,295	**491,215**
Profit attributable to shareholders of Al Ansari Financial Services L.L.C.:			
Continuing operations		**587,658**	485,586
Discontinued operations		**7,201**	5,564
		594,859	**491,150**
Basic and diluted earnings per share			
Continuing operations – AED per share	27	0.0784	0.0647
Discontinued operations – AED per share	27	0.0009	0.0007
Total basic and diluted earnings per share - AED		0.0793	0.0654

The notes on pages 9 to 45 are an integral part of these consolidated financial statements.

Al Ansari Financial Services L.L.C.
(Formerly Al Ansari Holding L.L.C.)

Consolidated statement of equity
For the year ended 31 December 2022

	Share capital AED'000	Acquisition reserve AED'000	Shareholders' current account AED'000	Retained earnings AED'000	Total Shareholders' equity AED'000	Non-controlling interest AED'000	Total equity AED'000
At 1 January 2021	50,000	1,381,043	259,787	668,758	2,359,588	14,448	2,374,036
Total comprehensive income for the year ended 2021	-	-	-	491,150	491,150	65	491,215
Distribution of dividend (note 28)	-	-	-	(175,928)	(175,928)	-	(175,928)
Distribution from current account (note 22)	-	-	(162,853)	-	(162,853)	-	(162,853)
At 31 December 2021	50,000	1,381,043	96,934	983,980	2,511,957	14,513	2,526,470
At 1 January 2022	**50,000**	**1,381,043**	**96,934**	**983,980**	**2,511,957**	**14,513**	**2,526,470**
Total comprehensive income for the year ended 2022	-	-	-	594,859	594,859	436	595,295
Distribution of dividend (note 28)	-	(1,069,900)	-	(333,752)	(1,403,652)	-	(1,403,652)
Distribution from current account (note 22)	-	-	(96,934)	-	(96,934)	-	(96,934)
Increase in share capital through transfer from acquisition reserve (note 20)	25,000	(25,000)	-	-	-	-	-
Sale of subsidiaries (note 5)	-	-	-	-	-	(14,949)	(14,949)
At 31 December 2022	**75,000**	**286,143**	**-**	**1,245,087**	**1,606,230**	**-**	**1,606,230**

The notes on pages 9 to 45 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2022

	Note	2022 AED'000	2021 AED'000
Operating activities			
Net profit for the year including profit from discontinued operations		595,295	491,215
Adjustments for:			
Depreciation and amortisation *	5, 26	75,475	65,054
Provision for expected credit losses	10.5	2,000	4,000
Provision for employees' end of service benefits *	15	6,731	4,876
Gain on disposal of property, equipment and intangibles		(119)	(490)
Operating cash flows before settlement of employees' end of service benefits and changes in working capital		**679,382**	**564,655**
Settlement of employees' end of service benefits	15	(3,664)	(2,802)
Changes in working capital:			
Due from exchange houses and agents		49,548	(69,301)
Due from related parties *		9,529	(9,882)
Prepayment and other receivables *		(13,592)	(9,480)
Trade and other payables *		80,977	55,585
Due to related parties *		(107,527)	(51,671)
Due to exchange houses and agents		(221)	13,004
Blocked deposits with banks *		(29,621)	(2,838)
Net cash generated from operating activities		**664,811**	**487,270**
Investing activities			
Payment for purchase of property, equipment and intangibles		(19,366)	(13,353)
Net cash and cash equivalents transferred upon sale of subsidiaries		(18,133)	-
Capital work in progress		(11,589)	(14,657)
Investment properties *		(106)	(91)
Fixed deposits		(196,925)	240,000
Investments at fair value through profit & loss		(4)	(856)
Proceeds from sale of property and equipment		163	920
Net cash generated (used in) / from investing activities		**(245,960)**	**211,963**
Financing activities			
Dividends paid *	28	(1,077,852)	(175,928)
Disbursements from shareholders' current account		(96,934)	(162,853)
Finance lease liabilities paid	14	(56,208)	(41,351)
Borrowings from banks *	5, 18	357,510	-
Net cash used in financing activities		**(873,484)**	**(380,132)**
Net change in cash and cash equivalents		(454,633)	319,101
Cash and cash equivalents at the beginning of the year		2,681,258	2,362,157
Cash and cash equivalents at the end of the year	13	**2,226,625**	**2,681,258**

Non-cash financing activity: refer to note 28.
Non-cash investing activity: refer to Note 6.

* For cash flows of the discontinued operations, please refer note 5.

1 Legal status and principal activities

Al Ansari Financial Services L.L.C (formerly Al Ansari Holding L.L.C.) (the "Company") was incorporated on 9 May 2016 and is registered under the laws of the United Arab Emirates ("UAE") as a limited liability company.

On 15 November 2022, the shareholders of the Company namely, Mr. Mohammad Ali Al Ansari, Mr. Fuad Ali Abual Hassan Al Ansari, Mr. Eisa Ali Abual Hassan Al Ansari, Mr. Rashed Ali Abual Hassan Al Ansari, Mrs. Seddeqa Murtuza Ali, Mrs. Fatma Ali Abual Hassan Al Ansari and Mrs. Maryam Ali Abual Hassan Al Ansari have transferred their equity interest in the Company to a newly incorporated entity, Al Ansari Holding L.L.C. (a company incorporated in 2022).

Accordingly, Al Ansari Financial Services L.L.C. has become the wholly owned subsidiary of Al Ansari Holding L.L.C. as at that date.

As at 31 December 2022, the ultimate shareholders of the Group were Mohammad Ali Al Ansari, Fuad Ali Al Ansari, Eisa Ali Al Ansari, Rashed Ali Al Ansari, Mrs. Seddeqa Murtaza, Mrs. Fatema Al Ansari and Mrs. Maryam Al Ansari.

The Company together with its following subsidiaries are collectively referred to hereafter as the "Group".

Name of the subsidiary	**Percentage holding**	
	2022	**2021**
Al Ansari Exchange L.L.C.	100%	100%
Al Ansari Real Estate L.L.C. (note 5)	-	100%
Al Ansari Financial Brokerage L.L.C. (Formerly Al Ansari Financial Services L.L.C.) (note 5)	-	78%
Worldwide Cash Express Limited	100%	100%
Blue Horizon on Demand Labours Supply Services L.L.C.	100%	100%
Cash Trans Money & Valuables Transport Services L.L.C.	100%	100%

All the subsidiaries mentioned above are incorporated in the United Arab Emirates.

The Group is engaged in the business of buying and selling of foreign currencies and travellers cheques, cheques, execute remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of "wages protection", special products (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015.

On 1 September 2022, the Group decided to offer a certain percentage of shares (percentage is yet to be decided) to the public through Initial Public Offering (IPO). Accordingly, these consolidated financial statements as of and for the year ended 31 December 2022 have been prepared in connection with the listing of the Company on the Dubai Financial Market in the United Arab Emirates.

In November 2022, the Board has executed internal restructuring of the Group whereby the Company sold the entirety of the shares owned by it in Al Ansari Real Estate LLC and Al Ansari Financial Brokerage L.L.C. to Al Ansari Holding LLC, the parent entity incorporated in 2022 (note 5). These entities were engaged in the business of real estate development and facilities management and provide brokerage services in local securities traded on Dubai Financial Market (DFM) & Abu Dhabi Stock Exchange (ADX).

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE.

1 Legal status and principal activities (continued)

The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance).

However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Group has determined that the Law was not practically operational as at 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – Income Taxes. The Group is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

The registered office of the Group is at PO Box 6176, Dubai, UAE.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of laws of the United Arab Emirates.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for derivatives and investment securities at fair value through profit or loss which are recognised at fair value and the provision for employees' end of service benefits which is measured in accordance with the projected unit method under IAS 19, and on a going concern basis.

(c) Functional and presentation currency

The functional and presentation currency of the Group is UAE Dirham ("AED"), the currency of primary economic environment in which the Group operates.

(d) Basis of consolidation

Subsidiary

A subsidiary is an investee controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but to the extent that there is no evidence of impairment.

3 Significant accounting policies

3.1 New and revised IFRSs applied on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these financial statements. The application of these revised IFRSs, except where stated, has not had any material impact on the amounts reported for the current and prior years.

- **Narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 9 and IFRS 16**

  Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

  Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

  Annual improvements make minor amendments to IFRS 9, 'Financial instruments', and the Illustrative Examples accompanying IFRS 16, 'Leases'.

- **IFRIC Agenda decision – Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)**

  In October 2022, the IASB finalised the agenda decision approved by the IFRS Interpretation Committee (IFRS IC) on 'Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)'. The agenda decision addresses the accounting from the perspective of the lessor, and in particular:

  - how the expected credit loss ('ECL') model in IFRS 9 should be applied to the operating lease receivable when the lessor expects to forgive payments due from the lessee under the lease contract before the rent concession is granted.
  - whether to apply the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 when accounting for the rent concession.

3 Significant accounting policies (continued)

3.2 New and revised IFRSs issued but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 17, 'Insurance contracts' - On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard applies to annual periods beginning on or after 1 January 2023, with earlier application permitted if IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments' are also applied. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows. Management expects that the adoption of IFRS 17 will not have an impact on the amounts reported and disclosures made in these consolidated financial statements.	1 January 2023
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 ¬ The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of the above amendments is expected to be immaterial on the consolidated financial statements of the Group.	1 January 2023

3 Significant accounting policies (continued)

3.2 New and revised IFRSs issued but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction- These amendments require companies to recognise deferred tax on transactions that, on initial recognition gives rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
Amendment to IFRS 16 – Leases on sale and leaseback- These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants - These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	Annual periods beginning on or after 1 January 2024

The Group is currently assessing the impact of these standards, interpretations and amendments on the future consolidated financial statements and intends to adopt these, where applicable, when they become effective. There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group's financial year beginning on 1 January 2023 that would be expected to have a material impact on the consolidated financial statements of the Group.

3 Significant accounting policies (continued)

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

3.3 Revenue recognition

Income mainly comprises of net gain on exchange, commission earned on remittances, sale and purchase of bank notes, prepaid cards and other related services.

Net gain on currency exchange is recognised when the transaction is executed. Commission on remittances, bank notes, prepaid cards and other related services is recognised when the related services are performed and instruments are issued / accepted. Commission expense is only recognised when the remittances are processed.

3.4 Interest income / expense

Interest income and expense for all interest-bearing financial instruments are recognized in the statement of comprehensive income on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

When calculating effective interest rates, the Group estimates cash flows considering all contractual terms of the financial instruments excluding future credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

3 Significant accounting policies (continued)

3.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis so as to write off cost of furniture & equipment over estimated useful lives as follows:

Class of assets	**Life (years)**
Building	50
Furniture	4
Fixtures	5 years or lease term, whichever is lower
Office equipment	4
Computers (hardware and software)	4
Motor vehicles	3

Useful life, residual values and depreciation method are reassessed at each reporting date with the effect of any change in the estimate, accounted for on the prospective dates.

The cost of replacing part of an item of furniture and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statement of comprehensive income as incurred.

3.6 Intangibles

Software developed in-house or externally by the Group is stated at cost less accumulated amortisation and impairment losses, if any. Cost of the software represents the costs incurred to develop and bring the specific software to use.

Amortisation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date it is available for use. The useful life of software is estimated to be four years.

3.7 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including investment property under construction for such purposes). Investment properties are measured at cost, including related transaction costs, less accumulated depreciation and any accumulated impairment losses in accordance with the cost model of IAS 40: Investment property.

Depreciation is charged on a straight-line basis over the estimated useful lives as follows:

	Life (years)
Buildings	20 - 50

No depreciation is charged on land and capital work in progress.

3 Significant accounting policies (continued)

3.7 Investment properties (continued)

The useful lives and depreciation method of investment properties are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these properties.

Management does not consider any residual value as it is deemed immaterial.

Expenditure incurred to replace a component of an item of investment properties that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the consolidated statement comprehensive income in the period in which the property is derecognised.

3.8 Capital work in progress (CWIP)

Capital work in progress represents expenditure incurred in respect of renovation and setting up of new branches are stated at cost less impairment loss, if any. CWIP is transferred to property and equipment once set up is completed.

3.9 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are measured at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that incurred impairment are reviewed for possible reversal of the impairment at each reporting date.

3 Significant accounting policies (continued)

3.10 Financial instruments

(i) Classification and measurement

A financial instrument is any contract that gives rise to a financial asset / liability for the Group and a financial asset / liability or equity instrument of another party. The Group classifies its financial assets into the following measurement categories:

i. those to be measured at fair value; and
ii. those to be measured at amortised cost.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows. All financial instruments, other than investment securities, are classified as financial assets at amortised cost or financial liabilities at amortised cost. Financial assets at amortised cost are assessed for impairment at each reporting date.

Financial assets of the Group consist of cash at bank and in hand, due from exchange houses and agents, due from related parties and other receivables. The financial assets are initially recognised at fair value and measured subsequently at amortised cost using the effective interest method.

Investment securities, held at fair value through profit and loss, are initially recognised at fair value, with transaction costs incurred in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the consolidated statement of comprehensive income as they arise.

Financial liabilities of the Group consist of due to banks, due to exchange houses and agents, trade and other payables, due to related parties and bank borrowings. Financial liabilities are recognised initially at fair value net of transaction costs incurred and subsequently stated at amortised cost, using the effective interest rate method.

(ii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired.

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

(iii) Impairment of financial assets

Measurement of Expected Credit Losses ("ECL"): IFRS 9 outlines a 'three-stage' model for impairment of financial assets based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. Note 4 (i) includes how the Group determines when a SICR has occurred.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- exposure at default (EAD);
- loss given default (LGD).

PD - The probability of default is an estimate of the likelihood of default over a given time horizon.
EAD - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
LGD - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

ECL should reflect an unbiased, probability-weighted outcome as opposed to the single best estimate allowed under the current approach. The probability-weighted outcome considers multiple scenarios based on reasonable forecasts.

IFRS 9 Impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to the remaining maturity.

Stage 2 – When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on a lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

(iii) Impairment of financial assets (continued)

The Group applies three-stage model for impairment, based on changes in credit quality since initial recognition to recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Due from banks
- Due from exchange houses and agents
- Due from related parties

Financial assets measured at amortized cost are presented in the consolidated statement of financial position net of the allowance for ECL. Changes in amortised cost, net of allowance for ECL, are recognised in consolidated statement of comprehensive income.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

For other receivables, the Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Under this approach, the Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECL. The ECL on other receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and when there is no realistic prospect of recovery.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

3 Significant accounting policies (continued)

3.11 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, cash in transit, due from banks and fixed deposits which have a maturity of less than three months less amounts held as blocked deposits and due to banks. Blocked deposits are funds placed by the Group in accordance with the correspondence arrangements with various corresponding banks. These funds are not available to the Group for its day-to-day operations.

3.12 Other receivables

Other receivables include deposit with tax authorities related to taxes other than income tax is recognised as an asset in the consolidated statement of financial position and is measured at amortised cost. The deposit is a right to obtain future economic benefits, either by receiving a refund or by utilising the deposit to settle a tax liability.

3.13 Foreign currencies

Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at exchange rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to AED at the foreign exchange rates prevailing at the date of the transaction. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income.

3.14 Employees' end of service benefits

A provision is made in accordance with the provisions of IAS 19 "Employee Benefits" for the end of service benefits due to employees in accordance with the Labour Law, for their period of service up to the date of consolidated statement of financial position. This amount is charged to the consolidated statement of comprehensive income.

3.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if the amount of the receivable can be measured reliably.

3 Significant accounting policies (continued)

3.16 Related party transactions

Related party transactions are transfers of resources, services or obligations between the Group and a related party, regardless of whether a price is charged. They include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognised or unrecognised). All of the related party information required by IAS 24 that is relevant to the Group has been presented in note 11.

3.17 Value Added Tax (VAT)

The Group recorded a VAT payable net of payments in the accompanying consolidated financial statements at the applicable rate of 5%. Sales revenue represents the invoiced value of services, net of VAT. All of the VAT returns of the Group have been and remain subject to examination by the tax authorities for five years from the date of filing.

3.18 Lease Liabilities and Right-of-use assets

The Group's leasing activities and how these are accounted for

The Group leases mainly offices and branch locations. Rental contracts are typically made for fixed periods of 1 year to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Rental contracts may contain both lease and non-lease components.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
i. fixed payments (including in-substance fixed payments), less any lease incentives receivable
ii. variable lease payment that are based on an index or a rate
iii. amounts expected to be payable by the lessee under residual value guarantees
iv. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
v. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted based on the incremental borrowing rate determined by the Group, being the rate that the lessee would have to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Future cash outflows to which the Group is potentially exposed to and that are not reflected in the measurement of lease liabilities includes the following:

i. variable lease payments;
ii. extension options and termination options;
iii. leases not yet commenced to which the lessee is committed;

Right-of-use assets are measured at cost comprising the following:
i. the amount of the initial measurement of lease liability
ii. as applicable, any lease payments made at or before the commencement date less any lease incentives received, and
iii. as applicable, any initial direct costs.

Leases of low value assets mainly comprise office equipment (scanner and printer machines).

3 Significant accounting policies (continued)

3.18 Lease Liabilities and Right-of-use assets (continued)

Variable lease payments

Impact of leases containing variable payment terms that are linked to sales generated or any other type of variable aspects are found to be immaterial with the Group.

Extension and termination options

Extension and termination options are included in a number of leases. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Some extension and termination options held are exercisable by the Group, others require both the lessee and the lessor to mutually agree so that an option to extend or early terminate is exercised. Approximately, AED 6.90 million (2021: AED 5.09 million) of the total lease payments included in the calculation of the lease liability in 2022 were optional.

3.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs which are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities in case if settlement is due within 12 months otherwise, they are classified as non-current liabilities.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The future cash payment is estimated taking into account all the contractual terms of the instrument.

4 Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described below.

(i) Expected Credit Loss (ECL) on financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in Note 3.10. The Group reviews its financial assets to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the consolidated statement of comprehensive income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from an asset or group of assets. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

(ii) Useful lives of property and equipment

The cost of property and equipment is depreciated over its estimated useful lives. Depreciation is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial. The estimated useful life is monitored and adjustments are made in future periods, if future factors indicate that such adjustments are appropriate.

(iii) Classification and measurement of financial assets

The classification and measurement of financial assets depend on the management's business model for managing its financial assets and on the contractual cash flow characteristics of the financial asset assessed. Management is satisfied that the Group's investments in securities are appropriately classified and measured.

(iv) Lease term and practical expedients applied

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of AED 32.41 million (2021: AED 27.83) million have not been included in the lease liability because the Group is not reasonably certain that the lessees will be extended. The assessment is reviewed at each reporting period if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

(v) Other provisions

Management has applied judgement in recognising certain provisions. Management has based their judgement on experience and their judgement is supported through management's external experts.

5 Discontinued operations

On 30 September 2022, the Board resolved to carry out an internal restructuring of the Group whereby the entirety of the shares owned by the Company in Al Ansari Real Estate LLC and Al Ansari Financial Brokerage LLC ("the subsidiaries") were resolved to be sold to Al Ansari Holding LLC, the parent entity incorporated in 2022. These subsidiaries were sold on 24 November 2022 and 30 November 2022, respectively and are reported in the current year as discontinued operations. The sale of the subsidiaries was considered as a common control transaction as defined in IFRS 3 "Business Combination".

Financial information and cash flow information presented are for the period from 1 January until the date of sale of subsidiaries:

	2022 AED'000	2021 AED'000
Net commission income	5,066	4,270
Interest income – net	1,706	1,603
Rental income	14,974	15,426
Other Income	1,125	831
	22,871	**22,130**
Salaries and benefits	(2,969)	(3,448)
General and administrative expenses	(6,807)	(7,120)
Depreciation and amortisation (notes 7 and 9)	(4,890)	(5,324)
Bank and finance charges	(568)	(609)
Profit from discontinued operations	**7,637**	**5,629**
Net cash flows used in operating activities	(10,784)	(996)
Net cash flows used in investing activities	(2,258)	(1,224)
Net cash flows generated from financing activities	8,760	-
Net cash flows used in discontinued operations	**(4,282)**	**(2,220)**

5 Discontinued operations (continued)

The carrying amounts of assets and liabilities as at the date of sale of subsidiaries were:

	30 November 2022 AED'000
Property, equipment and intangibles	18,974
Investment properties	236,626
Cash in hand and in transit	103
Due from banks	18,030
Blocked deposits with banks	40,912
Due from related parties	6,111
Prepayments and other receivables	36,321
Investments securities at fair value through profit or loss	4,616
Total assets	**361,693**
Provision for employees' end of service benefits	595
Trade and other payables	10,527
Due to related parties	1,062
Borrowing from banks	8,760
Non-controlling interest	14,949
Total liabilities	**35,893**
Net assets (for settlement refer note 28).	**325,800**

6 Right of use assets

	2022 AED'000	**2021** AED'000
Right of use assets - Properties	**67,235**	**49,524**

The movement of right of use assets - properties is provided below:

	2022 AED'000	**2021** AED'000
At 1 January	49,524	47,988
Additions – new leases	69,657	44,609
Depreciation expenses (note 26)	(51,946)	(43,073)
At 31 December	**67,235**	**49,524**

7 Property, equipment and intangibles

	Building AED'000	Furniture and fixtures AED'000	Computers, software, and office equipment AED'000	Motor vehicles AED'000	Total AED'000
Cost					
At 1 January 2021	23,665	84,729	66,258	10,700	185,352
Additions	-	2,238	8,687	2,428	13,353
Transfer from capital work in progress (note 8)	-	14,136	-	-	14,136
Disposals and write-offs	-	(1,291)	(233)	(4,285)	(5,809)
At 31 December 2021	23,665	99,812	74,712	8,843	207,032
Additions	-	4,857	13,459	1,050	19,366
Transfer from capital work in progress (note 8)	-	9,850	-	-	9,850
Disposals and write offs	-	(903)	(5,556)	-	(6,459)
Sale of subsidiaries (note 5)	(23,665)	(2,221)	(6,476)	(270)	(32,632)
At 31 December 2022	**-**	**111,395**	**76,139**	**9,623**	**197,157**
Accumulated depreciation, amortisation and impairment					
At 1 January 2021	4,457	72,104	51,416	9,137	137,114
Charge for the year	474	7,225	6,866	915	15,480
Disposals and write-offs	-	(861)	(233)	(4,285)	(5,379)
Provision for impairment	-	1,762	-	-	1,762
At 31 December 2021	4,931	80,230	58,049	5,767	148,977
Charge for the year	435	9,411	8,400	940	19,186
Disposals and write-offs	-	(865)	(5,550)	-	(6,415)
Sale of subsidiaries (note 5)	(5,366)	(2,085)	(5,947)	(260)	(13,658)
At 31 December 2022	**-**	**86,691**	**54,952**	**6,447**	**148,090**
Net book amount					
As at 31 December 2022	**-**	**24,704**	**21,187**	**3,176**	**49,067**
As at 31 December 2021	18,734	19,582	16,663	3,076	58,055

	2022 AED'000	2021 AED'000
Depreciation charged for the year:		
- continued operations	18,639	14,895
- discontinued operations	547	585
	19,186	15,480

8 Capital work in progress

	2022 AED'000	**2021** AED'000
At 1 January	2,598	2,077
Additions	11,589	14,657
Transfer to property, equipment and intangibles (note 7)	(9,850)	(14,136)
At 31 December	**4,337**	**2,598**

Capital work in progress includes expenditure made in respect of setting up and renovation of new and existing branches.

9 Investment properties

Investment properties represent properties held at cost less accumulated depreciation and any impairment losses under the cost model in accordance with IFRS. They were held for the purpose of rental generation and capital appreciation.

As of 30 November 2022, all the investment Properties were disposed of pursuant to sale of subsidiaries (note 5).

	Land AED'000	**Buildings** AED'000	**Capital work in progress** AED'000	**Total** AED'000
Cost				
At 1 January 2021	86,800	182,826	1,240	270,866
Additions	-	-	91	91
As at 31 December 2021	86,800	182,826	1,331	270,957
Additions	-	-	106	106
Sale of subsidiaries	(86,800)	(182,826)	(1,437)	(271,063)
As at 31 December 2022	**-**	**-**	**-**	**-**
Accumulated depreciation				
At 1 January 2021	-	25,355	-	25,355
Charge for the year	-	4,739	-	4,739
At 31 December 2021	-	30,094	-	30,094
Charge for the year	-	4,343	-	4,343
Sale of subsidiaries	-	(34,437)	-	(34,437)
At 31 December 2022	-	-	-	-
Net book value				
At 31 December 2022	-	-	-	-
At 31 December 2021	86,800	152,732	1,331	240,863

10 Cash in hand and in transit, due from banks, exchange houses and agents

	2022 AED'000	2021 AED'000
Cash in hand and in transit		
Cash in hand	1,029,310	1,054,175
Cash in transit	21,803	23,960
Total amount of cash in hand and in transit	**1,051,113**	**1,078,135**
Due from banks		
Balances with banks in UAE		
- Current accounts (note 10.1)	783,448	901,875
- Fixed deposits (note 10.2)	201,925	5,000
- Blocked deposits (note 10.3)	40,476	51,579
- Advances to banks against credit card collections	5,218	4,553
- FAWARI receivables (credit card receivables)	23,380	13,439
	1,054,447	**976,446**
Balances with banks outside UAE		
- Current accounts	374,290	692,092
- Blocked deposits (note 10.3)	9,880	10,068
Balances with banks outside UAE	384,170	702,160
Less: Provision for expected credit losses (note 10.5)	(6,000)	(4,000)
	378,170	**698,160**
Total amount due from banks	**1,432,617**	**1,674,606**
Due from exchange houses and agents		
Balances with exchange houses and agents inside UAE	68	69
Balances with exchange houses and agents outside UAE	64,795	114,342
Total amount due from exchange houses and agents	**64,863**	**114,411**
Total balance of cash in hand and in transit, due from banks, exchange houses and agents	**2,548,593**	**2,867,152**

10.1 Current accounts include AED 180 million (2021: NIL) placed in interest bearing call account with the Central Bank of UAE.

10.2 The Group has placed certain fixed deposits, at commercial market interest rates, with Banks in the UAE for a tenure of 12 months.

10.3 Blocked deposits with banks inside UAE, denominated in AED, are held as margins with banks against financing and guarantee arrangements.

Blocked deposits with banks outside UAE, denominated in USD, are held as margins held against remittance arrangements and multi-currency travel card program.

10 Cash in hand and in transit, due from banks, exchange houses and agents (continued)

10.4 Due from banks, due from exchange houses and agents are regularly assessed for credit quality considering their credit rating assigned by international or respective country's rating agencies and the country risk.

	2022 AED'000	**2021** AED'000
Assessed high rated externally (A1-Baa3)	1,135,001	1,249,781
Assessed medium to low rated externally (Ba3-B1)	125,899	213,363
Unrated externally, assessed high rated internally	132,941	170,009
Unrated - others	109,639	159,864
	1,503,480	**1,793,017**

10.5 The movement for provision for expected credit losses during the year:

	2022 AED'000	**2021** AED'000
At 1 January	4,000	-
Provision during the year	2,000	4,000
At 31 December	**6,000**	**4,000**

10.6 Concentration of balance of cash in hand and in transit, due from banks, exchange houses and agents by geographical area:

	2022 AED'000	**2021** AED'000
UAE	1,048,513	976,516
Middle East	135,801	222,179
Philippines	105,734	137,664
Singapore	7,575	15,884
India	61,230	166,573
Pakistan	39,663	85,579
USA	5,707	18,161
Bangladesh	14,907	18,981
Europe	6,969	23,298
Other locations	71,381	124,182
	1,497,480	1,789,017
Cash in hand and in transit – UAE	1,051,113	1,078,135
	2,548,593	2,867,152

The geographical information shown above has been classified by location of cash in hand and cash in transit, the respective branches of the banks, exchange houses and agents.

10 Cash in hand and in transit, due from banks, exchange houses and agents (continued)

10.7 Currency wise composition of cash in hand and in transit, balance due from banks, exchange houses and agents:

	2022 AED'000	**2021** AED'000
Local currency	930,582	1,349,220
Foreign currency	1,618,011	1,517,932
	2,548,593	**2,867,152**

10.8 Due to the nature of the Group's business, the ageing analysis of due from banks and due from exchange houses, other than fixed deposits and blocked deposits, is within 30 days.

11 Related parties

The Group enters into transactions with other entities that fall within the definition of a related party as defined in the International Accounting Standard No. 24, related party disclosures.

Related parties comprise shareholders, directors, key management personnel, and the Group's associates and joint ventures.

These transactions are entered into in the normal course of business and mainly include foreign exchange and remittance arrangements and rental of premises.

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been fully eliminated upon consolidation and are not disclosed in this note.

Other than transactions disclosed in note 5, the significant transactions included in these consolidated financial statements are as follows:

Transactions with related parties	**2022** **AED'000**	2021 AED'000
Commission income earned – Al Ansari Exchange Kuwait (company under common control)	**378**	**370**
Interest paid – Group entities (companies under common control)	**432**	**675**
Rental paid - Al Ansari Real Estate (company under common control)	**2,552**	**-**

11.1 Due from / to related parties

	2022 AED'000	2021 AED'000
Due from related parties – Group entities (companies under common control)	**217**	**15,857**
Due to related parties – Group entities (companies under common control)	**817**	**109,406**

11 Related parties (continued)

11.1 Due from / to related parties (continued)

Due from related parties represent unsecured interest free current accounts which have arisen under the normal course of business. The expected credit loss on the due from related parties is insignificant.

Due to related parties represent unsecured interest free current account which have arisen under the normal course of business. Certain due to related parties as at 31 December 2021 were subject to an average interest rate of 1.15%. These balances have been fully settled during 2022.

11.2 Key management personnel

The total amount of compensation paid to key management personnel during the year is as follows:

	2022	2021
	AED'000	AED'000
Salaries and other benefits	**10,695**	**10,295**

Key management personnel include Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, other C-Suite officers, and department heads.

12 Prepayments and other receivables

	2022	**2021**
	AED'000	AED'000
Prepaid expenses	7,868	8,865
Bills receivables	10,128	2,679
Deposit with tax authorities (note 12.1)	12,801	12,801
Security deposits and other receivables *	53,674	51,843
Margin receivables from customers	-	19,966
Due from securities markets – DFM & ADX	-	3,087
Commission income receivable in relation to WPS	132	194
Positive value of overnight foreign currency forwards (note 30)	9,398	17,295
	94,001	**116,730**

* Other receivables are primarily related to counterparties in the UAE. The expected credit loss on other receivables is insignificant.

12.1 Deposit with tax authorities

Voluntary disclosures filed for tax periods from January 2018 to January 2019 – AED 0.97 million

On 29 March 2019, the Group had filed voluntary disclosures as a result of applying incorrect apportionment formula for allocating input tax into taxable and exempt supplies for the tax period from January 2018 to January 2019. The Federal Tax Authority (FTA) accepted the voluntary disclosures, however, levied a penalty of AED 0.97 million, on the tax shortfall of AED 1.88 million, originated as a result of using inappropriate treatment of apportionment.

12 Prepayments and other receivables (continued)

12.1 Deposit with tax authorities (continued)

Voluntary disclosures filed for tax periods from January 2018 to January 2019 – AED 0.97 million (continued)

The Group has challenged the levy of these penalties based on the contention that the Group has a refundable tax position during the tax period January 2018 to December 2018 and therefore, any tax shortfall should have been adjusted with the excess refundable position.

On 30 August 2022, the Federal Court of First Instance decided the matter against the Group. The Group filed an appeal against the decision on 29 September 2022. However, on 16 November 2022, the Federal Court of Appeal upheld the decision of Federal Court of First Instance. Subsequent to the year, the Group has filed an appeal with Federal Supreme Court.

Tax assessment for tax periods from January 2018 to January 2019 – AED 6.53 million

During the year 2020, FTA had assessed that the share of income received from sending agents relating to inward remittances is subject to standard rate of tax. Accordingly, FTA had assessed short payment of VAT by the Group and related penalties amounting to AED 9.43 million based on the view that the recipient of the service resides in UAE. In 2021, FTA reduced its original assessment to AED 6.53 million. The Group is of the view that receipt of such income should be zero rated in accordance with VAT regulations due to the fact that the services are provided to the sending agent who is non-resident person at the time of providing such services and filed an appeal with Federal Court of First Instance.

On 8 February 2022, the Federal Court of First Instance has decided the matter in favour of the Group. However, FTA has challenged the decision of the Federal Court of First Instance and the matter is currently pending with the Federal Court of Appeal.

Voluntary disclosures filed for tax periods from February 2019 to October 2020 – AED 5.30 million

Further, as a result of above-mentioned tax assessment and to avoid further penalties, the Group has filed voluntary disclosures in 2021 for tax periods from February 2019 to October 2020 and additionally paid AED 5.30 million (VAT and related penalties). The Group reserves the right to get a refund from FTA if the matter is decided by the Court in the Group's favour.

13 Cash and cash equivalents

	2022	**2021**
	AED'000	AED'000
Cash in hand and in transit	1,051,113	1,078,135
Due from banks - gross	1,438,617	1,678,606
Due to banks	(10,824)	(8,836)
	2,478,906	**2,747,905**
Less:		
Fixed deposits with an original maturity longer than three months	(201,925)	(5,000)
Blocked deposits with banks inside UAE	(40,476)	(51,579)
Blocked deposits with banks outside UAE	(9,880)	(10,068)
	(252,281)	**(66,647)**
	2,226,625	**2,681,258**

14 Lease liabilities

	2022 AED'000	2021 AED'000
Non-current	23,658	18,115
Current	33,965	26,059
	57,623	**44,174**

The maturity of leased liabilities based on contractual payments is explained in note 30.1.

The movement of lease liabilities is provided below:

	2022 AED'000	2021 AED'000
As at 1 January	44,174	40,916
Additions	69,657	44,609
Payments	(56,208)	(41,351)
As at 31 December	**57,623**	**44,174**

15 Provision for employees' end of service benefits

	2022 AED'000	2021 AED'000
As at 1 January	39,381	37,307
Charge for the year	6,731	4,876
Sale of subsidiaries (note 5)	(595)	-
Payments during the year	(3,664)	(2,802)
As at 31 December	**41,853**	**39,381**

16 Trade and other payables

	2022 AED'000	2021 AED'000
Trade payables and accrued expenses	171,616	161,251
Bills and prepaid card payables (note 16.1)	250,415	208,685
Payable balances in relation to Wage Protection system	129,049	114,020
Cash Express remittances payable (note 16.2)	60,871	57,345
Payable to Western Union in lieu of remittance funding	12,780	13,213
Other payables	32,761	32,528
	657,492	**587,042**

16.1 Travel card payables represent money loads from customers which are placed with Abu Dhabi Islamic Bank and exclusively used for settlements to Visa International upon spending by the customers.

16.2 Represents pending settlements to beneficiaries for the remittances made by the customers.

17 Due to banks, exchange houses and agents

	2022 AED'000	2021 AED'000
Due to banks		
Balances with local banks	2,261	4,332
Balances with foreign banks	8,563	4,504
Total amount due to banks	**10,824**	**8,836**
Due to exchange houses and agents		
Balances with local exchange houses and agents	190	397
Balances with foreign exchange houses and agents	39,671	39,685
Total amount due to exchange houses and agents	**39,861**	**40,082**
Total balance due to banks, exchange houses and agents	**50,685**	**48,918**

17.1 Currency wise composition of balance due to banks, exchange houses and agents:

	2022 AED'000	2021 AED'000
Local currency	26,634	25,572
Foreign currency	24,051	23,346
	50,685	**48,918**

18 Borrowings from banks

	2022 AED'000	2021 AED'000
Term loan facility	298,750	-
Bank overdraft	50,000	-
	348,750	-

18.1 Term loan facility

On 24 November 2022, the Group arranged a term loan facility of AED 1,000 million with Abu Dhabi Commercial Bank PJSC ("ADCB") for a period of three years with an initial drawdown of AED 300 million against the facility on 29 December 2022. The facility can be drawn in multiple tranches whereby each tranche is repaid in full along with the interest within 90 days of utilisation, with an option to rollover the principle throughout the term. The facility carries interest at 3-month EIBOR plus a fixed margin per annum with an upfront processing fee of 0.25% of the facility amount. The Group has agreed to pay half of the upfront processing fee till 31 December 2022, as the discussions are underway with ADCB to renegotiate the terms of the facility.

As per the facility, each drawdown should be secured by way of pledge over fixed deposits and accordingly the drawdown of AED 300 million is secured against a deposit for a similar amount by the shareholder, Al Ansari Holding LLC.

18 Borrowings from banks (continued)

18.2 Bank overdraft

During the year, the Group has entered into an overdraft facility agreement with National Bank of Um Al Quwain for AED 50 million. The facility is available to meet the working capital requirements of the Group during weekends and extended holidays and carries variable interest at 3-month EIBOR plus a fixed margin.

The overdraft facility is repayable on demand and is secured by an account pledge over the margin deposit placed by the Group.

19 Contingencies and commitments

	2022 AED'000	**2021** AED'000
Contingent liabilities		
Guarantees issued by banks in favour of		
Central Bank of the UAE ("CBUAE")	220,000	75,000
Dubai Financial Market	-	30,000
Abu Dhabi Securities Exchange	-	27,000
Financial institutions for correspondent relationships (note 19.1)	11,826	6,896
Total guarantees arranged and issued	**231,826**	**138,896**

19.1 The Group has arranged guarantees from local commercial banks, drawn in favor of certain correspondent banks as required under terms of the respective corresponding arrangements.

19.2 The commitments in respect of capital expenditure incurred as at 31 December 2022 amounts to AED 3.7 million (2021: AED 2.2 million).

20 Share capital

At 31 December 2022, the authorised issued and fully paid share capital of the Company comprised of 7,500,000,000 ordinary shares of AED 0.01 (1 fils) each (2021: 50,000,000 ordinary shares of AED 1 each). The Share capital is 100% owned by Al Ansari Holding LLC.

On 17 November 2022, the shareholder has resolved to increase the share capital from AED 50 million to AED 75 million by transfer of AED 25 million (2021: NIL) from acquisition reserve to the share capital. Further, the par value of share is changed from AED 1 to AED 0.01 (1 fils) increasing the effective number of shares to 7,500,000,000.

21 Acquisition reserve

On 1 January 2018, the Company had entered into an equity acquisition arrangement with its shareholders whereby all the shareholders transferred their individual equity interest in the Group entities to the Company.

The fair value of the net assets, acquired at the effective date of control, were treated as acquisition reserve as there was no consideration paid to shareholders.

22 Shareholders' current account

On 5 March 2019 the Company received AED184.5 million from the shareholders. This balance represents interest free shareholder accounts with no fixed maturity and the repayments are at the discretion of the Group. During the year 2022, the Group repaid an amount of AED 96.93 million (2021: AED 162.85 million).

23 Net commission income

	2022 AED'000	2021 AED'000
Commission income		
Commission on remittances	453,828	434,840
Commission on collections	77,741	69,168
Other commission	22,442	13,924
	554,011	**517,932**
Commission expense and discount	(6,601)	(6,250)
Net commission income	**547,410**	**511,682**

24 Salaries and benefits

	2022 AED'000	2021 AED'000
Salaries and wages	293,813	258,552
Staff bonuses and incentives	32,746	28,015
Leave salary and air tickets	32,852	25,083
Other benefits	40,579	35,443
Employees' end of service benefits	6,617	4,799
	406,607	**351,892**

25 General and administrative expenses

	2022 AED'000	2021 AED'000
Administrative expenses	74,026	57,588
Rent and premises expenses	6,002	4,444
License fees	5,398	3,890
Others expenses	14,525	13,246
	99,951	**79,168**

25.1 Administrative expenses include AED 2.44 million (2021: AED 0.33 million) in respect of short-term leases of vehicles and AED 0.96 million (2021: AED 0.96 million) in respect of leases of low value assets.

25.2 Rent and premises expenses include AED 0.20 million (2021: NIL) in respect of variable lease payments.

26 Depreciation, amortisation and impairment

	2022 AED'000	**2021** AED'000
Depreciation and amortisation on:		
- Right of use assets (note 6)	51,946	43,073
- Property, equipment and intangibles (note 7)	18,639	14,895
Impairment of Property, equipment and intangibles (note 7)	-	1,762
	70,585	**59,730**

27 Earnings per share

The basic and diluted earnings per share is calculated by dividing the net profit attributable to the shareholder of Al Ansari Financial Services by the weighted average number of shares outstanding during the year.

Earnings per share - Continued operations

	2022	**2021 (Restated)**
Profit for the year attributable to the shareholder of Al Ansari Financial Services (AED '000)	587,658	485,586
Weighted average number of Number of ordinary shares outstanding (note 20)	7,500,000	7,500,000
Basic and diluted earnings per share – continued operations (AED)	0.0784	0.0647

Earnings per share - Discontinued operations

	2022	**2021 (Restated)**
Profit for the year attributable to the shareholder of Al Ansari Financial Services (AED '000)	7,201	5,564
Weighted average number of Number of ordinary shares outstanding (note 20)	7,500,000	7,500,000
Basic and diluted earnings per share – discontinued operations (AED)	0.0009	0.0007

28 Dividend

The following dividends were declared during the year ended 31 December 2022:

Date of Declaration	**Date of payment**	**Amount**	**Dividend per share**
9 May 2022	9 May 2022	AED 327.85 million	AED 0.044
27 December 2022	29-31 December 2022	AED 1,075.80 million*	AED 0.143
		AED 1,403.65 million	**AED 0.187**

* On 27 December 2022, the Group resolved to pay a dividend of AED 1,075.80 million, of which AED 750 million was paid in cash and balance of AED 325.80 million was adjusted against the receivable from the shareholder as a result of sale of subsidiaries explained in note 5.

28 Dividend (continued)

The following dividends were declared and paid during the year ended 31 December 2021:

Date of Declaration	Date of payment	Amount	Dividend per share (restated)
12 April 2021	12 April 2021	AED 175.93 million	AED 0.023
		AED 175.93 million	**AED 0.023**

29 Reporting Segments

For management purposes, the Group is organised into business units based on relevant business activities and has three main reportable segments, as follows:

• **Money Exchange and Remittances:** The Group primarily provides cross-border and domestic remittances, purchase and sale of foreign currencies, processing salaries, bill collections and sale of prepaid travel cards. The Group provides these services to its customers through a wide range of branch networks, digital channels and smart counters.
• **Lease of real estate properties:** The Group owns real estate properties and leases it to individuals and businesses for residential and commercial purposes.
• **Securities brokerage:** The Group provides brokerage services in local securities traded on Dubai Financial Market (DFM) & Abu Dhabi Stock Exchange (ADX).

The Senior Management Committee is the Chief Operating Decision Maker (CODM) and monitors the segment results for the purposes of making decisions in relation to resource allocation and performance assessment.

For the year ended 31 December 2022

	Money exchange & remittances	Lease of real estate properties	Securities brokerage	Un-allocated Others	Segment Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Income	1,154,480	-	-	15,823	1,170,303
Expenses					
Salaries and benefits, general, administrative and other expenses	(582,645)	-	-	-	(582,645)
Segment profit from continued operations	571,835	-	-	15,823	587,658
Profit from discontinued operations	-	5,656	1,981	-	7,637
Segment profit for the year	**571,835**	**5,656**	**1,981**	**15,823**	**595,295**

29 Reporting Segments (continued**)**

For the year ended 31 December 2021

	Money exchange & remittances	Lease of real estate properties	Securities brokerage	Un-allocated Others	Segment Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Income	970,211	-	-	12,449	982,660
Expenses					
Salaries and benefits, general, administrative and other expenses	(497,074)	-	-	-	(497,074)
Segment profit from continued operations	473,137	-	-	12,449	485,586
Profit from discontinued operations	-	5,334	295	-	5,629
Segment profit for the year	**473,137**	**5,334**	**295**	**12,449**	**491,215**

The Group generates all its income from the UAE and all non-financial assets are located in the UAE.

For geographical concentration of financial assets please refer to note 10.6 and note 30.1.

30 Financial risk management

The Group has exposure to the following risks from its use of financial instruments and operations:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, risk management frameworks, policies and processes for measuring and managing risk, and the management of the Group's capital.

30.1 Risk management framework

The management provides principles for overall financial risk management. Periodic reviews are undertaken to ensure that Group's policy guidelines are complied with. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures risk.

30 Financial risk management (continued)

30.1 Risk management framework (continued)

(a) Credit risk

Credit risk is the risk that a counter party to a financial asset fails to meet its contractual obligation and causes the Group to incur a financial loss. The Group is exposed to credit risk through its placements with banks, exchange houses and agents, receivable balances from other counterparties and cash in transit. The Group is not involved in extending any credit facility to its customers.

Credit risk is managed by the Group by dealing with reputable counter parties approved after a thorough due diligence by the management of the Group and monitoring exposure with each counterparty and average balances held with banks and intermediaries on a daily basis.

The Group's bank balances are placed with various international and local banks. Accordingly, the Group has no significant concentration of credit risk.

Maximum exposure to credit risk

Credit risk exposure is limited to the carrying amount of the Group's financial assets as follows:

	2022 AED'000	**2021** AED'000
Cash in transit (note 10)	21,803	23,960
Due from banks	1,432,617	1,674,606
Due from exchange houses and agents	64,863	114,411
Due from related parties	217	15,857
Investment securities at fair value through profit or loss	-	4,612
Other receivables	86,133	107,865
	1,605,633	**1,941,311**

The credit quality analysis of total amount in respect of balance due from banks, exchange houses and agents, due from related parties, cash in transit and other receivables is as follows:

	2022 AED'000	**2021** AED'000
Financial assets – gross	1,611,633	1,945,311
Less: Provision for expected credit losses (note 10.5)	(6,000)	(4,000)
Financial assets – net	**1,605,633**	**1,941,311**

Due to the nature of the Group's business, ageing analysis is not considered relevant and hence not provided. The geographical distribution of other receivables is as follows:

	2022 AED'000	**2021** AED'000
Inside the UAE	76,735	90,570
Outside the UAE	9,398	17,295
	86,133	**107,865**

Geographical distribution of due from banks, exchange houses and cash in transit is provided in note 10.6.

30 Financial risk management (continued)

30.1 Risk management framework (continued)

(b) Market risk

The Group recognises market risk as the exposure created by potential changes in market prices and rates. The Group is exposed to market risk arising principally from customer driven transactions including foreign exchange positions. The objective of the Group's market risk policies and processes is to obtain the best balance of risk and return while meeting its customers' requirements.

(i) Interest rate risk

The Group is exposed to the risk that changes in interest rates would have an adverse effect on the value of its financial assets and liabilities.

To mitigate this risk, the Group manages its exposure to interest rate risk through managing the duration of its interest-bearing portfolio. The substantial portion of the Group's assets and liabilities are repriced within one year.

(ii) Interest rate sensitivity of assets and liabilities

Interest rate risk is also assessed by measuring the impact of reasonable possible change in interest rate movements. A movement in interest rates of 100 basis points will have the following impact on the net profit for the year and net assets at that date:

	Net profit for the year AED'000	**Equity** AED'000
2022		
Fluctuation in yield by 100 bps	±822	±822
2021		
Fluctuation in yield by 100 bps	±666	±666

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. They are based on AED 432.20 million interest bearing assets (2021: AED 66.647 million) and interest-bearing liabilities of AED 350 million as at 31 December 2022 (2021: NIL).

The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group manages its currency risk by monitoring its daily foreign currency exposure. As the AED is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

30 Financial risk management (continued)

30.1 Risk management framework (continued)

(b) Market risk (continued)

(iii) Currency risk (continued)

The Group had the following significant net exposures denominated in foreign currencies:

	Long/(short) 2022 AED'000	**Long/(short) 2021** AED'000
United States Dollar	1,131,497	1,006,494
Saudi Riyal	73,524	77,221
Philippines Peso	51,648	43,987
Pakistani Rupee	18,498	41,039
Omani Riyal	31,687	33,292
Egyptian Pound	(7,553)	22,113
Bangladesh Taka	3,598	7,463
Indian Rupee	16,992	47,360
Others	80,915	80,458
	1,400,806	**1,359,427**

The table below calculates the effect of a reasonably possible movement of the AED currency rate against the various currencies, with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

Sensitivity	***Saudi Riyal***	***Philippines Peso***	***Pakistani Rupee***	***Omani Riyal***	***Egyptian Pound***	***Bangladesh Taka***	***Indian Rupee***	***Others***	***Profit impact***
Percentage	1%	1%	1%	1%	1%	1%	1%	1%	1%
2022									
AED'000 ±	735	516	185	317	(75)	36	170	809	2,693
2021									
AED'000 ±	772	440	410	333	221	75	474	805	3,530

Foreign currency forwards – overnight

	2022 AED'000	**2021** AED'000
Notional amount (short position)	**227,557**	**205,256**
Positive fair value of overnight forwards	**9,398**	**17,295**

30 Financial risk management (continued)

30.1 Risk management framework (continued)

(b) Market risk (continued)

(iv) Price risk

Price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to any significant price risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining sufficient balance of cash and cash equivalents to meet its obligation. Daily cash flow statements are prepared on the basis of projected purchases and sales of currencies, the maturity profile and interest flows from bank deposits. These are used by the Group to monitor and manage the liquidity structure of its assets and liabilities to ensure that an appropriate balance of cash and cash equivalents is maintained to meet liquidity requirements. Most of the Group's transactions are made on a back-to-back basis and its bank accounts are adequately managed and funded to meet commitments.

Treasury and finance departments work in close coordination in order to avoid any liquidity issues that can impact the operations of the Group. To avoid any liquidity concerns, the Group has also arranged term loan and bank overdraft arrangements with banks (note 18).

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2022, based on contractual payment dates and current market interest rates.

	On demand AED'000	**Less than 1 year** AED'000	**Between 2 to 3 years** AED'000	**Over 3 years** AED'000
31 December 2022				
Trade and other payables	657,492	-	-	-
Due to banks	10,824	-	-	-
Due to exchange houses and agents	39,861	-	-	-
Due to related parties	817	-	-	-
Borrowings from banks	50,000	300,000	-	-
Lease liabilities	-	35,499	21,385	3,082
Total	**758,994**	**335,499**	**21,385**	**3,082**
31 December 2021				
Trade and other payables	587,042	-	-	-
Due to banks	8,836	-	-	-
Due to exchange houses and agents	40,082	-	-	-
Due to related parties	109,406	-	-	-
Lease liabilities	-	27,086	12,722	6,484
Total	**745,366**	**27,086**	**12,722**	**6,484**

30 Financial risk management (continued)

30.1 Risk management framework (continued)

(d) Operational risk management

Operational risk is the risk of a direct or indirect loss being incurred due to an event or action arising from the failure of technology, processes, infrastructure, personnel and other risks having operational risk impact.

Management of the Group closely monitors the operations. A formal budgeting process is in place in order to monitor the performance of the Group.

Monthly branch wise profit and loss is prepared by the Finance department for the Management's review.

IT Disaster recovery procedures, risk and compliance audits and internal audits also form an integral part of the operational risk management process.

30.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the Group's value.

The Group manages its capital structure and adjusts it, in light of changes in the economic conditions and in compliance with regulatory capital requirements. No changes were made to the objectives, policies or processes during the year ended 31 December 2022. As at 31 December 2022, capital is AED 1,606.23 million (2021: AED 2,511.96 million) and comprises paid up capital, reserves and retained earnings.

The Group is not exposed to externally imposed capital requirements.

31 Fair value measurement

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

- in the principal market for the asset or liability, or

- in the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible to the Group.

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash in transit, due from banks, due from exchange houses and agents, due from related parties, other receivables, and investment securities at fair value through profit or loss. Financial liabilities consist of trade and other payables, due to banks, due to exchange houses and agents, due to related parties, borrowings from banks and lease liabilities. Fair value of all financial assets and financial liabilities that are measured at amortized cost approximate their fair value.

31 Fair value measurement (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amount of financial assets and financial liabilities approximates their fair values.

Other receivables include forward contracts which are valued based on the difference between the contractual forward rate and forward rate determined on the reporting date.

32 Litigation

The Group is subject to litigation in the normal course of its business. The Group expects that the outcome of these legal cases will not have a material impact on the Group's consolidated financial performance or consolidated financial position.

33 Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2022.