Dubai Taxi Corporation

Financial statements
31 December 2021

Dubai Taxi Corporation

Financial statements

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Dubai Taxi Corporation

Directors' Report

The Board of Directors of **Dubai Taxi Corporation** (the "Corporation") have the pleasure in submitting the audited financial statements of the Corporation as at 31 December 2021.

General Information

Dubai Taxi Corporation (the "Corporation") was formed on 28 June 1994 in accordance with the provisions of Law No. (5) of 1994 decreed by H. H. The Ruler of Dubai in order to operate a fleet of taxis in the Emirate of Dubai and to the other Emirates. The Corporation commenced operations on 20 May 1995. In accordance with Law No. (20) of 2008, the Corporation is wholly owned by the Roads & Transport Authority (RTA).

The registered office of the Corporation is P.O. Box 2647, Dubai, U.A.E.

The ultimate controlling party is the Government of Dubai and the parent Corporation is the Roads & Transport Authority (RTA).

Financial Results

The Corporation has recorded a net income of AED 149,506,061 for the year ended 31 December 2021 and a net loss for the year ended 31 December 2020 amounting to AED 145,420,079. Revenue for the year ended 31 December 2021 amounted to AED 1,341,288,001 (2020: AED 887,410,704).

Segment reporting

The following is segment analysis of the Corporation's operating profit:

Description	**Regular Taxis**		**VIP**		**School Bus**		**Total**	
	2021 AED	2020 AED	**2021 AED**	2020 AED	**2021 AED**	2020 AED	**2021 AED**	2020 AED
Operating income	**1,180,571,878**	797,316,319	**114,959,687**	69,689,535	**45,810,445**	20,404,850	**1,341,342,010**	887,410,704
Direct operating cost								
Direct staff costs	**(343,214,302)**	(267,921,121)	**(40,761,830)**	(25,371,027)	**(22,140,971)**	(14,202,883)	**(406,117,103)**	(307,495,031)
Fuel cost	**(146,156,734)**	(110,746,473)	**(11,764,302)**	(8,864,405)	**(4,575,200)**	(2,048,200)	**(162,496,236)**	(121,659,078)
Depreciation of vehicles and accessories	**(69,853,159)**	(100,336,492)	**(10,346,518)**	(18,040,910)	**(6,586,831)**	(6,185,581)	**(86,786,508)**	(124,562,983)
Vehicle maintenance	**(53,538,447)**	(46,823,129)	**(9,034,116)**	(5,410,040)	**(2,749,974)**	(1,714,346)	**(65,322,537)**	(53,947,515)
Insurance	**(37,705,450)**	(42,239,032)	**(6,491,509)**	(6,881,441)	**(1,272,738)**	(1,070,493)	**(45,469,697)**	(50,190,966)
Taxes (VAT)	**(17,277,175)**	(15,764,221)	**(1,975,796)**	(1,749,895)	**(527,058)**	(264,650)	**(19,780,029)**	(17,778,766)
Other operating costs	**(70,842,472)**	(39,195,085)	**(28,763,689)**	(24,007,547)	**(1,733,836)**	(779,537)	**(101,339,997)**	(63,982,169)
Total	**(738,587,739)**	(623,025,553)	**(109,137,760)**	(90,325,265)	**(39,586,608)**	(26,265,690)	**(887,312,107)**	(739,616,508)
Operating profit / (loss)	**441,984,139**	174,290,766	**5,821,927**	(20,635,730)	**6,223,837**	(5,860,840)	**454,029,903**	147,794,196
Plate and license fee	**(234,644,846)**	(215,105,223)	**(7,891,200)**	(6,069,300)	-	-	**(242,536,046)**	(221,174,523)
	207,339,293	(40,814,457)	**(2,069,273)**	(26,705,030)	**6,223,837**	(5,860,840)	**211,493,857**	(73,380,327)

Auditors

KPMG Lower Gulf Limited were appointed as external auditors of the Corporation for the year ended 31 December 2021 and are eligible for reappointment.

On behalf of Dubai Taxi Corporation

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Mr. Essam Aqil Al Rafie
Director, Shared Services Department
Dubai Taxi Corporation

KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent auditors' report

To the Shareholder of Dubai Taxi Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dubai Taxi Corporation ("the Corporation"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' report which is set out on page 1.

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

Other Information (continued)

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date 06 JUN 2022

Dubai Taxi Corporation

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2021

	Note	**2021**	2020
		AED	AED
Revenue	*4*	**1,341,342,010**	887,410,704
Operating costs	*5*	**(887,312,107)**	(739,616,508)
Gross profit		**454,029,903**	147,794,196
Other income	*6*	**29,263,819**	34,054,943
General and administrative expenses	*7*	**(67,817,953)**	(76,674,686)
Impairment loss on financial assets	*22(a)*	**(20,573,199)**	(36,151,871)
Plate and license fees	*21*	**(242,536,046)**	(221,174,523)
Operating profit/ (loss)		**152,366,524**	(152,151,941)
Finance income – net	*8*	**5,008,277**	6,731,862
Profit/ (loss) for the year before bonus		**157,374,801**	(145,420,079)
Staff bonus		**(7,868,740)**	-
Profit/ (loss) for the year		**149,506,061**	(145,420,079)
Other comprehensive income		**-**	-
Total comprehensive income/ (loss) for the year		**149,506,061**	(145,420,079)

The notes on pages 9 to 36 form an integral part of these financial statements.

The independent auditors' report on financial statements is set out on pages 2 to 4.

Dubai Taxi Corporation

Statement of financial position
as at 31 December 2021

	Note	**2021 AED**	2020 AED
Assets			
Non-current assets			
Property and equipment	*9*	**412,062,088**	438,005,658
Intangible assets	*10*	**556,708,240**	556,708,240
Investment in financial assets	*13*	**45,576,693**	73,147,259
Right-of-use-asset	*14*	**5,899,581**	9,631,553
		1,020,246,602	1,077,492,710
Current assets			
Inventories		**3,731,511**	2,983,010
Trade and other receivables	*12*	**97,841,880**	80,659,990
Investment in financial assets	*13*	**29,510,959**	97,509,908
Cash and cash equivalents	*15*	**232,120,956**	85,924,871
		363,205,306	267,077,779
Total assets		**1,383,451,908**	1,344,570,489
Equity and liabilities			
Equity			
Share capital	*16*	**200,000,000**	200,000,000
Statutory reserve	*17*	**86,036,704**	70,299,224
General reserve	*17*	**86,036,704**	70,299,224
Total equity		**372,073,408**	340,598,448
Liabilities			
Non-current liabilities			
Employees' end of service benefits	*18*	**23,924,872**	23,813,468
Lease liability	*20*	**2,668,324**	7,581,547
		26,593,196	31,395,015
Current liabilities			
Trade and other payables	*19*	**352,730,704**	306,130,327
Due to a related party	*21*	**626,752,736**	662,028,480
Lease liability	*20*	**5,301,864**	4,418,219
		984,785,304	972,577,026
Total liabilities		**1,011,378,500**	1,003,972,041
Total equity and liabilities		**1,383,451,908**	1,344,570,489

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Corporation as of, and for, the year ended 31 December 2021.

The notes on pages 9 to 36 form an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors on 6 June 2022.

....	....	....
H.E. Mattar Mohammed Ahmed Al Tayer Director General, Chairman of the Board of Executive Directors Roads & Transports Authority	Abdulmuhsen Ibrahim Kalbat Chairman of Supervisory Board Dubai Taxi Corporation	Mr. Mansoor Rahma Alfalasi CEO-Dubai Taxi Corporation

The independent auditors' report on financial statements is set out on pages 2 to 4.

Dubai Taxi Corporation

Statement of changes in equity
for the year ended 31 December 2021

	Paid-up capital AED	Statutory reserve AED	General reserve AED	Retained earnings AED	Total AED
At 1 January 2020	200,000,000	70,299,224	70,299,224	-	340,598,448
Total comprehensive loss for the year					
Loss for the year	-	-	-	(145,420,079)	(145,420,079)
Total comprehensive loss for the year	-	-	-	(145,420,079)	(145,420,079)
Transferred to Roads & Transport Authority	-	-	-	145,420,079	145,420,079
At 31 December 2020	200,000,000	70,299,224	70,299,224	-	340,598,448
At 1 January 2021	200,000,000	70,299,224	70,299,224	-	340,598,448
Total comprehensive income for the year					
Profit for the year	-	-	-	149,506,061	149,506,061
Total comprehensive income for the year	-	-	-	149,506,061	149,506,061
Transfer to reserves	-	15,737,480	15,737,480	(31,474,960)	-
Transferred to Roads & Transport Authority	-	-	-	(118,031,101)	(118,031,101)
At 31 December 2021	**200,000,000**	**86,036,704**	**86,036,704**	**-**	**372,073,408**

The notes on pages 9 to 36 form an integral part of these financial statements.

Dubai Taxi Corporation

Statement of cash flows
for the year ended 31 December 2021

	Note	2021 AED	2020 AED
Cash flows from operating activities			
Profit/ (loss) for the year		**149,506,061**	(145,420,079)
Adjustments for:			
Depreciation of property and equipment	*9*	**93,073,325**	132,428,949
Impairment losses on financial assets	*22(a)*	**20,573,199**	36,151,871
Interest income	*8*	**(5,396,918)**	(7,265,474)
Provision for employees' end of service indemnity	*18*	**2,750,899**	4,538,189
Depreciation of right-of-use asset	*14*	**3,731,972**	3,742,196
Loss/ (gain) on disposal of property and equipment		**215,088**	(338,921)
Interest expenses on lease liability	*20*	**388,641**	533,612
		264,842,267	24,370,343
Working capital adjustments:			
Trade and other receivables		**(37,832,948)**	(59,279,761)
Inventories		**(748,501)**	405,402
Trade and other payables		**46,600,377**	23,585,751
Due to a related party		**(153,306,845)**	(46,832,253)
		119,554,350	(57,750,518)
Payment of employees' end of service benefits	*18*	**(2,639,495)**	(3,536,270)
Net cash generated from/ (used in) operating activities		**116,914,855**	(61,286,788)
Cash flows from investing activities			
Proceeds from matured investment in debt instruments		**169,839,600**	126,064,958
Purchase of investments in financial assets		**(75,000,000)**	(103,863,333)
Purchase of property and equipment	*9*	**(92,196,106)**	(101,705,029)
Proceeds from disposal of property and equipment		**24,851,263**	12,151,038
Interest income received	*8*	**6,282,413**	7,265,474
Net cash generated from/ (used in) investing activities		**33,777,170**	(60,086,892)
Cash flows from financing activities			
Repayment of lease liability	*14*	**(4,418,219)**	(3,681,851)
Net cash used in financing activities		**(4,418,219)**	(3,681,851)
Net increase/ (decrease) in cash and cash equivalents		**146,273,806**	(125,055,531)
Cash and cash equivalents at beginning of the year		**85,942,360**	210,997,891
Cash and cash equivalents at end of the year		**232,216,166**	85,942,360

The notes on pages 9 to 36 are an integral part of these separate financial statements.

The independent auditors' report is set out on pages 2 to 4.

1. Legal status and activities

Dubai Taxi Corporation (the "Corporation") was formed on 28 June 1994 in accordance with the provisions of Law No. (5) of 1994 decreed by H. H. The Ruler of Dubai in order to operate a fleet of taxis in the Emirate of Dubai and to the other Emirates. The Corporation commenced operations on 20 May 1995. In accordance with Law No. (20) of 2008, the Corporation is wholly owned by the Roads & Transport Authority ("RTA").

The registered office of the Corporation is P.O. Box 2647, Dubai, U.A.E.

The ultimate controlling party is the Government of Dubai and the parent company is RTA.

2. Basis of preparation

2.1. Statement of compliance

The financial statements of the Corporation have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

2.3. Basis of measurement

The financial statements of the Corporation have been prepared on the historical cost convention basis.

2.4. Functional and presentation currency

The financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Corporation's functional currency.

2.5. Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 24.

Management has also reassessed significant judgements, estimates and assumptions primarily due to the current economic uncertainties arising from the recent outbreak of the COVID-19 Coronavirus pandemic as outlined below:

(i) COVID- 19

In 2020, the outbreak of the COVID-19 pandemic and the measures adopted by government in UAE to mitigate the COVID-19 coronavirus pandemic's spread had impacted the Corporation. These included restrictions on movement, group gatherings, travel bans, border closings, business closures, quarantines, stay-at-home, shelter-in-place orders, density limitations and social distancing measures. Therefore, use of public transport was significantly reduced and accordingly Corporation had to halt its transport operations for periods of three to five months during the year. This negatively impacted the Corporation's financial performance in the previous year.

2. Basis of preparation (continued)

2.5. Use of estimates and judgements (continued)

(i) COVID- 19 (continued)

In the current year, with the lockdown lifted and economic activities picking up in Dubai, passenger transport activity has improved during the year. Also, with the travel restrictions lifted, Dubai has been a tourist destination, especially with the EXPO 2020 launched during the year. With this regard, the operations of the Corporation have significantly improved during the year.

Management continues to assess and monitor the impact of COVID-19 on its businesses, particularly the effect on its operations. The Corporation has a strong governance model which focuses on cost efficiency, operational excellence, liquidity management and careful assessment of priorities and returns. Management expects to achieve the pre-covid results in 2022.

(ii) Impairment test

IAS 36 Impairment of assets requires that intangible assets with indefinite lives are tested for impairment at a minimum every year and other non-financial assets are tested only when there are indicators of impairment that these assets might be impaired.

Management performed detailed impairment assessment of the intangible assets. Corporation updated the assumptions (discount rate and growth rate) and future cash flow projections to test for impairment reflecting the increased level of risk and uncertainty. The value in use is compared to the carrying amount to assess any probable impairment (refer to note 11 for further details).

3. Significant accounting policies

The Corporation has consistently applied the accounting policies to all years presented, unless otherwise stated.

3.1. Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services.

The Corporation’s revenue mainly consists of revenue from below sources transport service revenues and bus revenue.

Transport service revenue

The Corporation provide regular Taxi and Limousine service. Transport service revenue is recognised as the performance obligation is satisfied. Since the Corporation fulfills its performance obligation upon completion of each trip, revenue is recognized point in time. Customer makes the payment through cash or credit card once the performance obligation is satisfied. This is based on meter reading and predetermined rates for trips both inside and outside the emirate of Dubai.

3. Significant accounting policies (contined)

3.1. Revenue (continued)

Bus revenue

The Corporation contracts with schools and other parties to provide bus transport service. The bus transportation service is provided for the period in line with the agreements. Therefore, revenue is recognised once the performance obligation is satisfied over a period of time. The revenue amount is based on pre-determined rates per seat. The invoices are issued according to the agreement terms and are usually payable within 30 days.

3.2. Employee benefits

General pension and social security - Defined contribution plan

The Corporation is a member of the pension scheme operated by the Federal Pension General and Social Security Authority which is a defined contribution plan. The Corporation's contribution, for eligible UAE National employees is calculated as a percentage of the employees' salaries and charged to the profit or loss, in accordance with the provisions of Federal Law No. (7) of 1999 relating to Pension and Social Security Law. The Corporation has no legal or constructive obligation to pay any further contributions.

End of service benefits to non-UAE nationals - Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Termination benefits are payable when employment is terminated by the Corporation before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Provision for expatriate employees' end of service benefits is made in accordance with the Corporation's human resource policy and Government of Dubai Human Resource Management Law and is based on current basic remuneration and cumulative years of service at the reporting date.

3.2. Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

3. Significant accounting policies (continued)

3.2. Property and equipment (continued)

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

The estimated useful lives of property and equipment for the current and comparative period is as follows:

	Useful life (years)
Motor vehicles (including buses)	3 – 15
Equipment	3 – 7
Buildings, prefabricated houses and sheds	4 –30
Furniture and fittings	3 – 7
	====

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs are capitalised in accordance with the Corporation's accounting policy. When the assets are ready for intended use, the capital work-in-progress is transferred to the appropriate property and equipment category and is depreciated in accordance with the Corporation's policies.

3.3. Intangible assets

Intangible assets are capitalised at cost only when future economic benefits are probable and can be estimated reliably. Cost includes purchase price together with any directly attributable expenditure. When the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at each reporting date for possible reversal of the impairment loss. Intangible assets pertain to acquisition of license plates. Licensing plates having indefinite useful lives are carried at cost less impairment loss, if any.

3.4. Inventories

Inventories mainly consist of spare parts and consumables. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average method and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. Significant accounting policies (continued)

3.5. Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation uses the definition of a lease in IFRS 16.

Corporation as a lessee

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. If the Corporation is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the corporation, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation’s estimate of the amount expected to be payable under a residual value guarantee, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. Significant accounting policies (continued)

3.5. Leases (continued)

Corporation as a lessee (continued)

The Corporation presents right-of-use assets and lease liabilities separately on statement of financial position.

Variable lease payments that depend on revenue and output are recognised in statement of profit or loss in the period in which the condition that triggers those payments occurs.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property and equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Corporation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Corporation recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

3.6. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Corporation becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Corporation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. Significant accounting policies (continued)

3.6. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets (continued)

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

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

Accordingly, corporations investments in financial assets (i.e. sukuk and wakala) is measured at amortised cost.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

3. Significant accounting policies (continued)

3.7. Financial instruments (continued)

ii. *Classification and subsequent measurement (continued)*

Financial assets – Subsequent measurement and gains and losses (continued)

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. *Derecognition*

Financial assets

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Corporation neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Corporation enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Corporation derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Corporation also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. *Offsetting*

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

3. Significant accounting policies (continued)

3.8. Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Corporation recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets

The Corporation measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, that includes forward-looking information.

The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Corporation considers a financial asset to be in default when:

- the debtor is unlikely to pay credit obligations to the Corporation in full, without recourse by the Corporation to actions such as realising security (if any are held); or
- the financial asset is more than 180 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Corporation is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Corporation expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. Significant accounting policies (continued)

3.8. Impairment

i. Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Corporation assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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 debtor;
- a breach of contract such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the Corporation on terms that the Corporation would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Corporation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

ii. Non-financial assets

At each reporting date, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest corporation of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. Significant accounting policies (continued)

3.8. Impairment (continued)

ii. Non-financial assets

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9. Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expense.

3.10. New standards and interpretations issued but not yet effective

A number ofnew standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. However, the Authority has not early adopted the new or amended standards in preparing these separate financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Corporation's financial statements:

	Effective date
COVID-19-Related Rent Concessions beyond 3 0 June 2021 (Amendments to IFRS 16)	1 April 2021
Onerous Contracts - Cost of Fulfilling a Contract (Amendment to IAS 37)	1 January 2022
Annual improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current and Non-current (Amendments to IAS 1)	1 January 2023

3.11. New standards and interpretations issued but not yet effective (continued)

	Effective date
IFRS 1 7 Insurance Contracts and amendments to IFRS 16 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Sale or Contribution of Assets between and Investor its Associates or Joint Venture (Amendments to IFRS 10 and 28)	Effective date deferred indefinitely

3.12. Other new or amended standards

The following new or amended standards that are required to be adopted in annual periods beginning on or after 1 January 2021 and are not expected to have a significant impact on the Authority's separate financial statements:

	Effective date
Covid-19 Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

4. Revenue

	2021 AED	2020 AED
Regular taxis	**1,180,571,878**	797,316,319
Limousine service	**114,959,687**	69,689,535
School bus	**45,810,445**	20,404,850
	1,341,342,010	887,410,704
Timing of revenue recognition		
Services transferred at a point in time	**1,293,950,632**	866,236,895
Services transferred over the period of time	**47,391,378**	21,173,809
Revenue from contracts with customers	**1,341,342,010**	887,410,704

5. Operating costs

	2021	2020
	AED	AED
Staff costs	**406,117,103**	307,495,031
Fuel cost	**162,496,236**	121,659,078
Depreciation of property and equipment (refer to note 9)	**86,786,508**	124,562,983
Vehicle maintenance	**65,322,537**	53,947,515
Charges and commission	**68,662,899**	38,606,207
Insurance	**45,469,697**	50,190,966
VAT expense	**19,780,029**	17,778,766
Rent expense	**6,515,184**	8,693,711
Depreciation of right of use assets (refer to note 14)	**3,731,972**	3,742,196
Other operating costs	**22,429,942**	12,940,055
	887,312,107	739,616,508

6. Other income

	2021	2020
	AED	AED
Penalties and fines (refer to note (i) below)	**9,427,364**	9,031,309
Rental income	**8,549,641**	9,576,325
Advertising	**2,676,072**	6,755,260
(Loss)/ gain on disposal of property and equipment	**(215,088)**	338,921
Others	**8,825,830**	8,353,128
	29,263,819	34,054,943

(i) Penalties and fines majorly include absent penalty and quality check fines levied on drivers for violating quality policies of the Corporation.

7. General and administrative expenses

	2021	2020
	AED	AED
Staff costs	**37,187,883**	46,165,006
Maintenance expenses	**10,454,542**	8,092,538
Depreciation of property and equipment (refer to note 9)	**6,286,817**	7,865,966
Security guard expenses	**3,212,179**	2,657,767
Advertising	**2,747,980**	3,569,265
Cleaning expenses	**2,230,253**	2,338,888
Printing and stationery	**262,711**	288,707
Insurance expenses	**226,239**	226,271
Professional fees	**38,035**	2,037,113
Other expenses	**5,171,314**	3,433,165
	67,817,953	76,674,686

8. Finance income - net

	2021 AED	2020 AED
Finance income:		
Interest income on Sukuk and Wakala deposits (refer to note 13)	**5,188,230**	6,974,659
Interest income on cash at banks	**208,688**	290,815
	5,396,918	7,265,474
Finance costs:		
Interest expense on lease liabilities (refer to note 20)	**388,641**	533,612
	388,641	533,612
Finance income – net	**5,008,277**	6,731,862

9. Property and equipment

	Motor vehicles AED	Equipment AED	Building, prefabricated house & shed* AED	Furniture and fittings AED	Capital work-in-progress AED	Total AED
Cost						
At 1 January 2020	732,407,240	35,837,294	123,197,906	10,204,039	2,788,611	904,435,090
Additions	86,660,058	4,111,035	1,490,416	576,971	8,866,549	101,705,029
Disposals	(38,013,291)	-	-	-	-	(38,013,291)
Transfers	687,639	-	-	2,807,011	(3,494,650)	-
At 31 December 2020	781,741,646	39,948,329	124,688,322	13,588,021	8,160,510	968,126,828
At 1 January 2021	781,741,646	39,948,329	124,688,322	13,588,021	8,160,510	968,126,828
Additions	87,318,859	-	10,146,801	2,890,956	(8,160,510)	92,196,106
Disposals	(116,373,326)	-	-	-	-	(116,373,326)
At 31 December 2021	752,687,179	39,948,329	134,835,123	16,478,977	-	943,949,608
Accumulated depreciation						
At 1 January 2020	312,887,899	23,130,800	81,494,706	6,379,990	-	423,893,395
Charge for the year	122,047,377	4,724,342	3,656,386	2,000,844	-	132,428,949
On disposals	(26,201,174)	-	-	-	-	(26,201,174)
At 31 December 2020	408,734,102	27,855,142	85,151,092	8,380,834	-	530,121,170
At 1 January 2021	408,734,102	27,855,142	85,151,092	8,380,834	-	530,121,170
Charge for the year	85,804,074	2,523,487	2,476,591	2,269,173	-	93,073,325
On disposals	(91,306,975)	-	-	-	-	(91,306,975)
At 31 December 2021	403,231,201	30,378,629	87,627,683	10,650,007	-	531,887,520
Net book value						
At 31 December 2021	**349,455,978**	**9,569,700**	**47,207,440**	**5,828,970**	**-**	**412,062,088**
At 31 December 2020	373,007,544	12,093,187	39,537,230	5,207,187	8,160,510	438,005,658

Depreciation charge of AED 86,786,508 (2020: AED 124,562,983) is charged to direct operating cost and AED 6,286,817 (2020: AED 7,865,966) has been charged to general and administrative expenses respectively.

* The land on which the building, prefabricated house and shed is constructed was previously owned by Dubai Taxi Corporation; however in 2008, ownership was transferred to the RTA and utilised by the Corporation free of any charges.

10. Intangible assets

	Airport taxi licensed plates AED	Normal taxi licensed plates AED	Total AED
As at 31 December 2021	**36,075,000**	**520,633,240**	**556,708,240**
As at 31 December 2020	36,075,000	520,633,240	556,708,240

This represents license plates purchased from RTA as a consideration for obtaining the rights relating to operation of taxis. These have infinite life, therefore, are not amortised.

11. Impairment testing

License plates with indefinite useful lives have been allocated to motor vehicles, for the purpose of impairment testing.

The recoverable amount of the CGU has been determined based on their value in use calculated using cash flow projections based on the financial budgets and forecasts approved by management.

Details of the CGU are shown below:

	2021 AED	2020 AED
Carrying amount of license plates and motor vehicles	**822,182,089**	822,388,644

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of motor vehicles and license plates.

Discount rate	**7%**
Growth rate	**6%**
Terminal growth rate for license plates	**1%**

For license fleet, five years cash flows were included in the discounted cash flow model and a terminal growth rate thereafter.

Budgeted margins – The basis used to determine the value assigned to the budgeted margin is the average gross margin achieved in the year immediately before the budgeted year, adjusted for expected growth rates.

Discount rates – The Corporation has taken the Weighted Average Cost of Capital (WACC) as the discount rate of 7%. This represent the cost of capital adjusted for the respective location risk factors.

Terminal value growth rate – In management's view, the terminal growth rate is the minimum growth rate expected to be achieved beyond the five-year period. This is based on the overall regional economic growth forecasted and the Corporation's existing internal capacity changes for a given region. Based on the historical trend of growth, the long-term growth of 1% is considered reasonable.

11. Impairment testing (continued)

Sensitivity to changes in assumptions

The calculation of value in use for the CGU is sensitive to future earnings and therefore a sensitivity analysis was performed. A sensitivity analysis demonstrated that a 20% decrease in earnings for a future period of five years from the reporting date would not result in impairment. An increase of 2.5% in discount rate and decrease of 0.5% in terminal value growth rate would not result in impairment.

12. Trade and other receivables

	2021 AED	2020 AED
Trade receivables	**75,896,548**	47,388,745
Staff receivable	**71,048,592**	74,978,964
Less: allowance for impairment (refer to note 22(a))	**(71,482,428)**	(60,695,173)
	75,462,712	61,672,536
Prepaid expenses	**9,274,397**	9,008,664
Advance to suppliers	**4,140,000**	4,140,000
Other receivables	**8,964,771**	5,838,790
	97,841,880	80,659,990

13. Investments in financial assets

	2021 AED	2020 AED
Non-current		
Sukuk and Wakala	**45,677,084**	73,519,784
Less: loss allowance (refer to note 22(a))	**(100,391)**	(372,525)
	45,576,693	73,147,259
Current		
Sukuk and Wakala	**29,786,813**	97,669,208
Less: loss allowance (refer to note 22(a))	**(275,854)**	(159,300)
	29,510,959	97,509,908

These are investments in listed corporate. The corporate bonds are held by the Corporation within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Hence the corporate bonds are classified as at amortized cost. The interest from these investments are ranging between 3% - 5% with a maturity period within 1 - 5 years.

14. Right-of-use asset

The Corporation entered into a lease contract for drivers accommodation. The table below represents the carrying amounts of right-of-use assets recognised and the related movements during the year:

	2021 AED	2020 AED
Cost		
At 1 January	**17,105,720**	17,105,720
Amortisation		
At 1 January	**7,474,167**	3,731,971
Charge for the year	**3,731,972**	3,742,196
At 31 December	**11,206,139**	7,474,167
Net book value at 31 December	**5,899,581**	9,631,553

	2021 AED	2020 AED
Amount recognised in consolidated statement of profit or loss		
Depreciation of right-of-use assets (refer to note 9)	**3,731,972**	3,742,196
Interest on lease liabilities (refer to note 20)	**388,641**	533,612
Amount recognised in consolidated statement of cash flows		
Lease payments made during the year (included under financing activities)	**4,418,219**	3,681,851

15. Cash and cash equivalents

	2021 AED	2020 AED
Cash in hand	**432,378**	130,857
Cash at banks	**231,783,788**	85,811,503
	232,216,166	85,942,360
Less: loss allowance (refer to note 22(a))	**(95,210)**	(17,489)
	232,120,956	85,924,871

16. Share Capital

	2021 AED	2020 AED
Authorised capital in accordance with Law No. (5) of 1994		
Paid-up by the Government of Dubai	**200,000,000**	200,000,000

Law No. 20 of 2007, which relates to the formation of Dubai Taxi Corporation, does not specify the number of shares and the value of each share of the capital. In the prior year, the Corporation have issued shares amounting to AED 100 million to Road Transport Authority (Government of Dubai), these shares were paid in cash.

17. Statutory and general reserves

In accordance with the provisions of Law No. 20 of 2007 decreed by H.H. the Ruler of Dubai, 10% of the yearly net profit of the Corporation will be transferred to statutory and general reserve each year until each reserve reaches a maximum of 50% of the paid-up capital.

18. Employees' end of service benefits

	2021 AED	2020 AED
As at 1 January	**23,813,468**	22,811,549
Charge for the year	**2,750,899**	4,538,189
Paid during the year	**(2,639,495)**	(3,536,270)
As at 31 December	**23,924,872**	23,813,468

In addition to the above, the Corporation contributes 15% of the 'contribution calculation salary' in case of those employees who are UAE nar tionals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Corporation's contribution is recognised as an expense in the statement of profit or loss as incurred.

19. Trade and other payables

	2021 AED	2020 AED
Trade payables	**188,932,730**	173,168,612
Staff payable	**77,718,682**	67,747,777
Leave salary provision	**27,339,917**	25,687,937
Accrued expenses	**14,972,519**	18,185,933
Other payables	**43,766,856**	21,340,068
As at 31 December	**352,730,704**	306,130,327

Information about Corporation's exposure to liquidity risk is included in note 22(b).

20. Lease liability

	2021 AED	2020 AED
As at 1 January	**11,999,766**	15,148,005
Interest expense	**388,641**	533,612
Payments made to lessor	**(4,418,219)**	(3,681,851)
As at 31 December	**7,970,188**	11,999,766
Non-current portion	**2,668,324**	7,581,547
Current portion	**5,301,864**	4,418,219
	7,970,188	11,999,766

Refer to note 22(b) for maturity of lease liability.

21. Related party transactions and balances

The Corporation enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24 *Related Parties Disclosure*. Related parties comprise companies under common ownership and/or common management control and key management personnel. The management decides on the terms and conditions of transactions and of services received/ rendered from/ to related parties as well as other charges.

During the year, the Corporation entered into the following significant transactions with related parties in the ordinary course of business, carried out on terms and conditions, agreed between the parties:

	2021 AED	2020 AED
Corporation under common control:		
Plate and license fees (refer note (i) below)	**242,536,046**	221,174,523
Salik charges	**48,303,468**	31,846,448
Traffic fine	**14,714,765**	10,201,795
Rent income (refer note (ii) below)	**7,200,000**	7,200,000

(i) Plate and license fees pertains to the monthly amount charged by RTA (ranging between AED 1,200 to AED 5,000 per taxi) depending upon the nature of operating taxi.
(ii) This pertains to office space leased to RTA.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2021 AED	2020 AED
Remuneration and other benefits	**9,686,863**	7,524,721

21. Related party transactions and balances (continued)

Related party balances include the following:

	2021 AED	2020 AED
Due from a related party		
Public Transport Agency	**203,400**	203,400
Less: allowance for doubtful debts	**(203,400)**	(203,400)
	----------	----------
	-	-
	===	===

	2021 AED	2020 AED
Due to a related party		
Parent Company:		
Roads & Transport Authority*	**634,621,476**	662,028,480
	=========	=========

* These balances are unsecured and interest free and are repayable on demand.

22. Financial risk management

Overview

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

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Furthermore, quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility and oversight for the Corporation's risk management framework and monitoring the Corporation's risk management policies. The Corporation's risk management policies are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Corporation's risk management strategy has not changed due to the COVID-19 coronavirus pandemic.

22. Financial risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's trade and other receivables, investment in financial assets and cash at banks. In order to minimise credit risk, the management has developed and maintained a credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Corporation's own trading records to rate its major customers and other debtors. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. In response to COVID-19 pandemic, the management has also been performing more frequent reviews of long term receivables and has accordingly decided to write off trade receivables due over 365 days.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021	2020
	AED	AED
Cash at banks	**232,120,956**	85,942,360
Trade and other receivables (excluding prepayments and advances)	**84,427,483**	67,511,326
Investments in financial assets	**75,087,652**	170,657,167
	391,636,091	323,962,507

Trade and other receivables

The Corporation's revenue generated through its fleet of taxies is cash revenue. Trade receivables represent mainly receivables from staff, school bus revenues, advertising revenue and claims from insurance companies.

The Corporation always measures the loss allowance for trade and staff receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade and staff receivables 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 Corporation has recognised a loss allowance of 100% against all trade and staff receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current year.

The Corporation writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

22. Financial risk management (continued)

(a) Credit risk (continued)

Trade and other receivables (continued)

The following table details the risk profile of trade receivables based on the Corporation's provision matrix. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Corporation's different customer base.

	2021			2020		
	ECL	**Gross carrying amount at default**	**Life time ECL**	ECL	Gross carrying amount at default	Lifetime ECL
	%	**AED**	**AED**	%	AED	AED
Current	19%	**1,118,828**	**213,047**	15%	2,387,192	360,412
0 to 30	3%	**8,323,618**	**259,836**	27%	1,465,080	401,793
31 to 60	8%	**6,819,318**	**523,348**	53%	4,018,558	2,120,383
61 to 90	3%	**8,463,045**	**271,515**	26%	1,614,464	422,094
91 to 180	48%	**2,704,045**	**1,301,178**	64%	3,727,624	2,371,529
181 to 365	81%	**14,288,171**	**11,601,900**	75%	11,579,296	8,687,739
Above 365	100%	**34,179,523**	**34,179,523**	92%	22,596,531	20,849,423
		75,896,548	**48,350,347**		47,388,745	35,213,373

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	2021	2020
	AED	AED
As at 1 January	**60,695,173**	44,694,845
Impairment allowance for the year*	**20,651,058**	36,197,378
Write off	**(9,863,803)**	(20,197,050)
As at 31 December	**71,482,428**	60,695,173

* This includes provision for the staff receivables in relation to terminated and active employees. During the year Corporation has provided for AED 4,407,838 (2019: AED 14,342,556). This is in line with Corporation's policy of providing 100% allowance for receivables from terminated employees and ECL model for active employees.

22. Financial risk management (continued)

(a) Credit risk (continued)

Cash at banks

The Corporation limits its exposure to credit risk by placing balances with local reputed banks. Given the profile of its bankers, management does not expect any counter party to fail to meet its obligations. The bank balances are held with banks of repute, all of which are rated A3 to Baa1, based on ratings published by Moody's Investors Service.

Impairment of cash at banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Corporation considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Corporation estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL.

Details of provision for impairment as per IFRS 9 are as follows:

	2021	2020
	AED	AED
As at 1 January	**17,489**	64,408
Impairment allowance for the year	**77,721**	-
Reversal of allowance during the year	**-**	(46,919)
As at 31 December	**95,210**	17,489

Investment in financial assets

For the purposes of impairment assessment, the Sukuk and Wakala are considered to have low credit risk as the counterparties to these investments have a minimum B- credit rating. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the expected credit losses for these assets, the management of the Corporation have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers operate obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

22. Financial risk management (continued)

(a) Credit risk (continued)

Investment in financial assets (continued)

Details of provision for impairment as per IFRS 9 are as follows:

	2021 AED	2020 AED
As at 1 January	**531,825**	530,413
(Reversal of) / impairment allowance for the year	**(155,580)**	1,412
As at 31 December	**376,245**	531,825

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built a liquidity risk management framework for the management of the Corporation's short, medium and long-term funding and liquidity management requirements. The Corporation manages liquidity risk by maintaining reserves and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. COVID19 has not impacted the Group's ability to maintain the normal payment cycle.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	Carrying value AED	**Contractual cash flows AED**	**Less than 1 year AED**	**1 – 2 Years**
At 31 December 2021				
Non-derivative financial liabilities:				
Due to a related party	**626,752,736**	**(626,752,736)**	**(626,752,736)**	**-**
Trade and other payables	**352,730,704**	**(352,730,704)**	**(352,730,704)**	**-**
Lease liability	**7,970,188**	**(8,193,789)**	**(5,301,864)**	**(2,891,925)**
	987,453,628	**(987,677,229)**	**(984,785,304)**	**(2,891,925)**
At 31 December 2020				
Non-derivative financial liabilities:				
Due to a related party	662,028,480	(662,028,480)	(662,028,480)	-
Trade and other payables	306,130,327	(306,130,327)	(306,130,327)	-
Lease liability	11,999,766	(12,612,008)	(4,418,219)	(8,193,789)
	980,158,573	(980,770,815)	(972,577,026)	(8,193,789)

As at 31 December 2021 and 31 December 2020, there were no derivative financial instruments carried by the Corporation. Further, the Corporation has no undrawn borrowing facilities as of 31 December 2021 and 2020.

22. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no change to the Corporation's exposure to market risks or the manner in which it manages and measures the risk

Currency risk

The Corporation does not have any significant foreign currency exposure, as majority of its transactions are denominated in AED.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk in respect of its fixed deposits.

At the reporting date, the interest rate profile of the Corporation's interest-bearing financial instruments is:

	2021	2020
	AED	AED
Fixed rate instruments		
Financial asset		
Sukuk and Wakala deposits (refer to note 13)	**75,087,652**	170,657,167
	=========	=========

Sensitivity analysis for fixed rate instruments

Since the interest rate on these financial investments is fixed, any change in the interest rate will not have any impact on the profit or loss of the Company.

(d) Capital management

The Corporation's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to the shareholders. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

22. Financial risk management (continued)

(e) Fair value hierarchy

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2021 and 31 December 2020, there are no financial assets and liabilities measured at fair value.

23. Commitments and contingent liabilities

(a) Capital commitments

The Corporation's capital commitments at the reporting date amounted to AED 67,422,251 (2020: AED 77,855,915).

24. Significant accounting estimates and judgements

In the application of the Corporation's accounting policies, which are described in Note 3 to these financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Key judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the management has made in the process of applying the Corporation's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Key sources of estimation

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

25. Significant accounting estimates and judgements (continued)

Key sources of estimation (continued)

Useful lives of property and equipment

The Corporation's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of intangible assets

The Corporation's management tests annually whether there is an indication that intangible assets have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

Management performs impairment testing on an annual basis by estimating expected future cash flows and discount rates for calculating present value of such cash flows used to compute value-in-use.

Impairment of trade and other receivables

The Corporation reviews its receivables to assess impairment at least on an annual basis. The Corporation's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be recognised in profit and loss, the Corporation makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made in accordance with the 'expected credit loss' (ECL) model. This requires considerable judgement about how the changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Such estimations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

26. Comparative figures

Certain comparative figures have been regrouped/reclassified, wherever necessary, to conform to the presentation adopted in these financial statements to ensure more appropriate presentation which is consistent with best practice within the Corporation. Such reclassifications do not affect previously reported results.