

SYNERGY TRADE LINKS DMCC
Dubai Multi Commodities Centre,
Dubai, United Arab Emirates

Auditors' Report & Financial Statements
For the year ended 31st December, 2023

SYNERGY TRADE LINKS DMCC
Dubai Multi Commodities Centre, Dubai, United Arab Emirates

For the year ended 31st December, 2023

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INDEPENDENT AUDITORS' REPORT

To the shareholder of M/s SYNERGY TRADE LINKS DMCC, Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Report on the Financial Statements

Qualified Opinion

We have audited the accompanying annual financial statements of **M/s SYNERGY TRADE LINKS DMCC**, Dubai Multi Commodities Centre, Dubai, United Arab Emirates ("the Company") which comprise the statement of financial position as at 31st December, 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31st December, 2023 and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effect of matter specified in Basis for Qualified Opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of **M/s SYNERGY TRADE LINKS DMCC**, Dubai Multi Commodities Centre, Dubai, United Arab Emirates as at 31st December, 2023, and its financial performance and its cash flows for the year ended 31st December, 2023 in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

1. An independent confirmation from the banks in respect of the (Company's) bank account balances and third party confirmations are still awaited.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that is free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimate that are reasonable under the circumstances.

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



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Auditors' Responsibilities for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 based on these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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Report on Other Legal and Regulatory Requirement

As required by the provisions of the Implementing Regulations of Law No. (4) of 2001 and order dated 1st May, 2002 in respect of Establishing Dubai Multi Commodities Centre Authority and its amendments has been satisfied, we further confirm that:

1. The licensed activities of the Company are Petrochemicals Trading, Basic Industrial Chemicals Trading, Medicinal Chemicals Trading, Chemical Fertilizers Trading, Oilfield Chemicals Trading, (Remarks:- Subject to Approval and Conditions of Dubai Police General Headquarters - Management of Chemical Precursors).
2. We are not aware of any contraventions during the year of the above-mentioned law or the (Company's) Articles of Association, which may have material effect on the financial position of the (Company) or the result of its operations for the year.

For ABDULLA AL MARZOOQI CHARTERED ACCOUNTANTS

Abdulla Ahmed Mohammed Al Marzooqi

Reg. No: 880, Dubai, U.A.E

Date: 15th April, 2024



File No: AMCA# 16572

SYNERGY TRADE LINKS DMCC
Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Statement of Financial Position
As at 31st December, 2023

	Note	2023 AED	2022 AED
ASSETS			
Non - Current Asset			
Preoperative Expenses		53,310	59,766
Total Non - Current Asset		53,310	59,766
Current Assets			
Loan and advances	3	58,370	75,000
Trade and other receivables	4	429,698	45,322
Cash and cash equivalents	5	155,543	74,594
Total Current Assets		643,611	194,916
TOTAL ASSETS		696,921	254,682
EQUITY AND LIABILITIES			
Equity			
Share capital	6	50,000	50,000
Retained earnings	7	256,955	61,810
Shareholder's current account	8	19,357	19,357
Total Equity		326,312	131,167
Liabilities			
Current Liabilities			
Loans payable	9	116,160	121,015
Trade and other payables	10	254,449	2,500
Total Current Liabilities		370,609	123,515
Total Liabilities		370,609	123,515
TOTAL EQUITY AND LIABILITIES		696,921	254,682

The notes on pages 8 to 15 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 15th April, 2024.

For SYNERGY TRADE LINKS DMCC

Authorized Signatory

The report of the Auditors is set on pages 1 to 3.



SYNERGY TRADE LINKS DMCC
Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Statement of Comprehensive Income
For the year ended 31st December, 2023

	Note	2023 AED	2022 AED
Revenue	11	11,531,131	3,212,969
Cost of revenue	12	(11,275,884)	(3,113,900)
Gross profit		255,247	99,069
Administrative expenses	13	(60,102)	(16,974)
Operating profit for the year		195,145	82,095
Other comprehensive income		-	-
Total comprehensive income for the year		195,145	82,095
EARNINGS PER EQUITY SHARES (EPS)			
Weighted average number of shares		50	50
(1) Basic EPS		3,903	1,642
(2) Diluted EPS		3,903	1,642

The notes on pages 8 to 15 form an integral part of these financial statements.

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SYNERGY TRADE LINKS DMCC
Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Statement of Changes in Equity
For the year ended 31st December, 2023

	Share capital AED	Retained earnings AED	Shareholder's current account AED	Total Equity AED
Balance as on 01st January, 2022	50,000	(20,285)	31,905	61,620
Total comprehensive income for the year	-	82,095	-	82,095
Net movement during the year	-	-	(12,548)	(12,548)
Balance at 31st December, 2022	50,000	61,810	19,357	131,167
Total comprehensive income for the year	-	195,145	-	195,145
Balance at 31st December, 2023	50,000	256,955	19,357	326,312

The notes on pages 8 to 15 form an integral part of these financial statements.
These financial statements have been approved and signed by the undersigned on 15th April, 2024.

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SYNERGY TRADE LINKS DMCC
Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Statement of Cash Flows
For the year ended 31st December, 2023

	2023 AED	2022 AED
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	195,145	82,095
Changes in working capital:		
<i>Increase or Decrease in:</i>		
Trade and other receivables	(384,376)	(43,314)
Trade and other payables	251,949	(4,795)
Cash generated from operations	62,718	33,986
Net cash generated from operating activities	62,718	33,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Preoperative Expenses	6,456	7,141
Receipts/issue of Loan and advances	16,630	(75,000)
Net cash generated from/(used in) investing activities	23,086	(67,859)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts/payments of loan	(4,855)	121,015
Net movement in shareholder's current account	-	(12,548)
Net cash generated from/(used in) financing activities	(4,855)	108,467
Net cash movement for the year	80,949	74,594
Cash and cash equivalents at beginning of the year	74,594	-
Cash and cash equivalents at end of the year	155,543	74,594

The notes on pages 8 to 15 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 15th April, 2024.

For SYNERGY TRADE LINKS DMCC

Authorized Signatory

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SYNERGY TRADE LINKS DMCC

Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Notes to the Financial Statements For the year ended 31st December, 2023

1 Corporate Information

M/s SYNERGY TRADE LINKS DMCC was registered in Dubai Multi Commodities Centre, on 27th December, 2020, under Registration Number: DMCC189433 and Trading License Number: DMCC-798593, as a Company with Limited Liability pursuant to Law no. (4) of 2001 and order dated 1st May, 2002 in respect of Establishing Dubai Multi Commodities Centre Authority and its amendments. The registered address of the Company is Unit No: BA926, DMCC Business Centre, Level No 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates.

The licensed activities of the Company are Petrochemicals Trading, Basic Industrial Chemicals Trading, Medicinal Chemicals Trading, Chemical Fertilizers Trading, Oilfield Chemicals Trading, (Remarks:- Subject to Approval and Conditions of Dubai Police General Headquarters - Management of Chemical Precursors).

The Company is being managed by Mr. Mohit Jindal, an Indian national.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements.

2.2 Accounting convention

These financial statements have been prepared on a going concern basis applying the historical cost convention. The fair / net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under (IFRSs).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. (IFRS 13)

2.3 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, consumables, spare parts, direct labour and materials and related overhead (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to make the sale.

2.4 Trade and other receivables

Trade receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery. Other receivable that have fixed or determinable payments that are not quoted in an active market are classified as other receivables. Prepayments are carried at cost less any accumulated impairment losses.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term. Bank overdrafts are shown within borrowing in current liabilities.

2.6 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.7 Trade payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.



SYNERGY TRADE LINKS DMCC

Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Notes to the Financial Statements

For the year ended 31st December, 2023

2.8 Revenue recognition

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5 step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Sales of goods

Sale of goods are recognized when the control of the products are transferred to the customers, which generally coincides with the actual delivery of goods. Delivery does not occur unless the products have been received by the customer. The company has concluded that revenue from sale of goods should be recognized at the point in time on delivery of the goods. Therefore, the adoption of IFRS 15 did not have any significant impact on the timing of revenue recognition and the amount of revenue to be recognized.

Other income

Other income is recognised when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably.

2.9 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary share capital. The earnings per ordinary share are calculated by dividing the profit or loss attributable to the Fund's shareholders by the weighted average number of issued ordinary shares during the reporting period. In calculating the diluted earnings per share, the profit or loss attributable to the Fund's shareholders and the weighted average number of issued ordinary shares during the reporting period are adjusted for all potential dilutive effects on the ordinary shares.

2.10 Financial instruments

a. Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

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.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the company transfers substantially all risks and rewards of ownership.

Trade and other receivables

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.



SYNERGY TRADE LINKS DMCC

Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Notes to the Financial Statements For the year ended 31st December, 2023

2.10 Financial instruments (continued)

a. Financial assets (continued)

Impairment

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in income statement.

b. Financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortized cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.11 Foreign currency transactions

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All differences are taken to the statement of comprehensive income.

2.12 Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies, the management of the company has made certain judgements, estimates and assumptions 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 going basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant estimates made by management are summarised as follows:

Allowance for doubtful debts

An Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectible. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables and continuing credit evaluation of customers' financial conditions.



SYNERGY TRADE LINKS DMCC

Dubai Multi Commodities Centre, Dubai, United Arab Emirates

**Notes to the Financial Statements
For the year ended 31st December, 2023****3 Loans and advances**

	2023 AED	2022 AED
Deepak Jain	-	25,000
Finjuris Counsel FZ-LLC	25,000	25,000
Pabitra Mohan Mishra	25,000	25,000
The Bay General Fund	8,370	-
	58,370	75,000

4 Trade and other receivables

	2023 AED	2022 AED
Trade receivables	-	9,670
Rent Deposit	-	2,000
Advances to supplier	399,052	-
Prepaid legals	30,339	33,610
VAT receivable	301	25
DMCC Portal Balance	6	17
	429,698	45,322

5 Cash and cash equivalents

	2023 AED	2022 AED
Cash at banks:		
Bank of Boroqada - AED	98,538	74,594
Bank of Boroqada - USD	57,005	-
	155,543	74,594

6 Share capital

In accordance with the Article of Association of the Company, the authorised capital and number of ordinary shares are as follows:

	2023		2022	
	Number of shares	Total AED	Number of shares	Total AED
AUTHORISED CAPITAL				
Ordinary Shares of AED 1,000/- each	50	50,000	50	50,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
Ordinary Shares of AED 1,000/- each, fully paid up	50	50,000	50	50,000

Terms and rights attached to Ordinary shares

Each ordinary share have face value of AED 1,000/- and carry one vote per share.

Reconciliation of the Number of shares outstanding at the beginning and at the end of Reporting year/period are as follows:

	2023		2022	
	Number of shares	Total AED	Number of shares	Total AED
Shares outstanding at the beginning of year	50	50,000	50	50,000
Add:- Shares issues during the reporting year	-	-	-	-
Shares outstanding at the end of the reporting year	50	50,000	50	50,000



SYNERGY TRADE LINKS DMCC

Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Notes to the Financial Statements
For the year ended 31st December, 2023**6 Share capital (continued)****Shareholding**

Name	Nationality	2023		2022	
		Value of shares	% Holding	Value of shares	% Holding
Mr. Mohit Jindal	Indian	50,000	100	50,000	100
Total		50,000	100	50,000	100

7 Retained earnings

	2023 AED	2022 AED
Opening balance	61,810	(20,285)
Total comprehensive income for the year	195,145	82,095
Closing balance	256,955	61,810

8 Shareholder's current account

	2023 AED	2022 AED
Opening balance	19,357	31,905
Net Movement during the year	-	(12,548)
Closing balance	19,357	19,357

9 Loans payable

	2023 AED	2022 AED
Mr. Mohit Jindal	86,160	71,015
Other loan payable	30,000	50,000
Total	116,160	121,015

10 Trade and other payables

	2023 AED	2022 AED
Trade payables	251,949	-
Audit Fees payable	2,500	2,500
Total	254,449	2,500

11 Revenue

	2023 AED	2022 AED
Revenue from Petrochemicals Trading	11,531,131	3,212,969
Revenue from Basic Industrial Chemicals Trading	-	-
Revenue from Medicinal Chemicals Trading	-	-
Revenue from Chemical Fertilizers Trading	-	-
Revenue from Oilfield Chemicals Trading	-	-
Total	11,531,131	3,212,969



SYNERGY TRADE LINKS DMCC

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Notes to the Financial Statements

For the year ended 31st December, 2023

12 Cost of revenue

	2023 AED	2022 AED
Opening stock	-	-
Add: Purchases and direct expenses	11,275,884	3,113,900
Less: Closing stock	-	-
	11,275,884	3,113,900

As per the Management of the Company, all purchases during the period has been sold off as at 31st December, 2023.

13 Administrative expenses

	2023 AED	2022 AED
Legal, visa and professional fees	46,116	15,115
Bank charges	2,646	1,859
Transportation expenses	445	-
Rates and taxes	350	-
Other expenses	2,029	-
Office expenses	6,456	-
Communication expenses	2,060	-
	60,102	16,974

14 Earnings per share

The computation of the "Earnings per share" in line with IAS 33 is as under:

	2023 AED	2022 AED
Profit (loss) attributable to owners of the company	195,145	82,095
Weighted average number of shares	50	50
Basic & diluted earning per share	3,903	1,642

15 Contingencies, commitments and litigations

As at 31st December, 2023, the Company had no contingencies, commitments and litigations.

16 Financial instruments

Capital risk management

The primary objective of the company's capital risk management activities is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

The Company monitors capital using a leverage ratio, which is net debt divided by total capital defined as equity plus net debt. The capital structure of the company consists of debt, which includes long term debts, cash and cash equivalents and equity comprising share capital, retained earnings and shareholder's current account. The leverage ratio, determined as net debt to net debt plus equity, at the year-end.

Risk Management

The main risks arising from the Company's financial instruments are market risk, interest rate risk, foreign currency risk, liquidity risk, credit risk and capital management risk. No changes were made in the risk management objectives and policies during the year ended 31st December, 2023 and 31st December, 2022. The management of the Company reviews and agrees policies for managing each of these risks which are summarized below.



SYNERGY TRADE LINKS DMCC
Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Notes to the Financial Statements
For the year ended 31st December, 2023

16 Financial instruments (continued)

Risk Management (continued)

a). Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market price whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

i). Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no significant currency risk exposure from its operations as majority of the Company's transactions are in UAE Dirham or US Dollars, hence, the Company's exposure to the risk of changes in foreign exchange rates is limited.

ii). Interest rate risk

Significant financial instruments, other assets and other liabilities of the Company as at 31st December, 2023 are not interest based.

b). Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Individual risk limits are based on management's assessment on a case-by-case basis and further concentration of credit risk is diluted by securing post-dated cheques from customers based on risk applicability.

The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks. With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company's trade receivables are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure is the carrying amount of the trade receivables.

c). Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitment associated with financial instruments. Liquidity risk may result from an inability to sell a financial assets quickly at close to its fair value.

17 Fair value of financial instruments

The Company's assets are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The carrying value less any impairment provision of trade receivables and payables, approximate to their fair values as they are mainly short-term in nature. The fair value of the Company's financial instruments is not materially different from the carrying value at 31st December, 2023.



SYNERGY TRADE LINKS DMCC
Dubai Multi Commodities Centre, Dubai, United Arab Emirates

Notes to the Financial Statements
For the year ended 31st December, 2023

18 Financial instruments by category

	2023 AED	2022 AED
Financial assets:		
Loans and advances	58,370	75,000
Trade and other receivables (Excluding Prepaid expenses)	399,359	11,712
Cash and cash equivalents	155,543	74,594
	613,272	161,306
Financial liabilities:		
Loans payables	116,160	121,015
Trade and other payables (Excluding Advances from customer)	254,449	2,500
	370,609	123,515

For the purpose of the financial statement disclosure, non-financial assets amounting to AED 30,339 (Prepaid expenses) (2022: AED 33,610) have been excluded from trade and other receivables and non-financial liabilities amounting to "NIL" (Advances) have been excluded from trade and other payables.

19 Comparative figures

Previous year's figures have been reclassified / regrouped wherever necessary to confirm to the presentation adopted in these financial statements. Figures have been rounded off to nearest AED 1/-.

The notes on pages 8 to 15 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 15th April, 2024.

For **SYNERGY TRADE LINKS DMCC**

Authorized Signatory

The report of the Auditors is set on pages 1 to 3.

