

Fawaz Abdulaziz Al Hokair & Company

(A Saudi Joint Stock Company)

Consolidated financial statements

For the year ended 31 March 2021

together with the **Independent Auditor's Report**

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock company)
Consolidated financial statements

Year ended 31 March 2021

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Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock company)

Consolidated financial statements

Year ended 31 March 2021

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KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholders of Fawaz Abdulaziz AlHokair & Co.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Fawaz Abdulaziz AlHokair & Co. ("the Company") and its subsidiaries** (collectively referred to as **"the Group"**), which comprise the consolidated statement of financial position as at **31 March 2021**, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the Shareholders of Fawaz Abdulaziz AlHokair & Co. (continued)

Valuation of Inventories	
Refer to Note 6G to the consolidated financial statements for the accounting policy relating to inventories and Note 12 to the consolidated financial statements for the inventories disclosures.	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 March 2021, the Group's inventories balance was SR 1,152 million (31 March 2020: SR 1,656 million) which are carried at lower of cost and net realizable value.</p> <p>The Company operates in the fashion retail sector and inventories comprise of fashion apparels and accessories. The seasonal nature of the business, changes in customer preferences and spending patterns, and need for markdowns, primarily driven by the wider fashion industry, introduces uncertainty over the realisability of inventories at their carrying value.</p> <p>We considered this as a key audit matter as the management applies significant judgment in determining an appropriate inventory provision</p> <p>The factors considered in determining this provision includes;</p> <ul style="list-style-type: none"> Assessment of the level of slow-moving inventories using the age analysis and historical sales experience in each age bracket; Estimation of net realizable value based on future expectations; and Consideration of the results of physical inventory count to determine expected level of shrinkage 	<p>Our audit procedures in relation to valuation of inventories, among others included:</p> <ul style="list-style-type: none"> Assessing the design and implementation, and testing the operating effectiveness of the key controls relating to Group's processes over establishing and monitoring the inventory provision; Analysing the inventory ageing and movement data to identify brands with low turnover or significant levels of aged inventory and assessing the realisability with respect to inventory of these brands; Evaluating the inventory provision by considering management's view of current inventory items and their ageing profile, sales forecasts and historical sales trends; Using our IT specialist to test the integrity of the inventories' ageing report used by management in its determination of inventory provision; Considering the net realizable value (NRV) of inventories by examining the sales subsequent to year-end for a sample of stores and comparing this NRV with the carrying value of inventories to check appropriateness of the associated provision; and Obtaining inventory count results from management to evaluate the inventory provision based on actual shrinkage identified during the count. Further, to assess the process of inventory counts, we attended inventory counts at a sample of stores along with management where we assessed the design and operating effectiveness of key controls over physical inventory and also performed sample test counts to check accuracy of count results. Evaluating the adequacy of the disclosures, in accordance with the requirements of the relevant financial reporting standards.

Independent Auditor's Report

To the Shareholders of Fawaz Abdulaziz AlHokair & Co. (continued)

Impairment review of fixtures, fittings and other leasehold improvements at stores ("Store Assets")	
Refer to Note 6D and 6K to the consolidated financial statements for the accounting policy relating to property and equipment and impairment on non-financial assets and Note 7 to the consolidated financial statements for the property and equipment disclosures	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 March 2021, the total value of fixtures, fittings and other leasehold improvements at stores (Store Assets) included in the property and equipment amounted to SR 1,063 million (31 March 2020: SR 1,250 million).</p> <p>While the Company continues to generate positive cash flows from operating activities, the currently prevalent economic scenario and retail sector trends may adversely impact the profitability of stores and hence the recoverable amount of the related store assets may be impacted. Further, as these Store Assets are widely dispersed over various geographical locations and in certain cases are specific to brands, their alternative use may be limited in case a particular store or a brand is discontinued.</p> <p>Management performs an impairment assessment of each store, that constitutes a CGU and is either showing deterioration in trading results or are to be closed down. This assessment determines the recoverable amount of related store assets and where recoverable amount is lower than book value of store assets an impairment charge is recognized, after considering alternative use of these store assets.</p> <p>We considered the impairment of Store Assets as a key audit matter as the assessment of impairment of Store Assets involves judgment by management relating to factors such as future performance of stores, sales expectations and expected usage of the store assets.</p>	<p>The audit procedures in relation to impairment of Store Assets, among others included:</p> <ul style="list-style-type: none"> Evaluating the management's process for identifying impairment of Store Assets" and assessed the design and implementation of controls over identification, recognition and measurement of such impairment; Examining the trading results by stores to check whether all loss making and closed stores have been identified by management for assessing impairment in related Store Assets; Assessing the need for impairment in Store Assets relating to loss making and closed stores through evaluating the management's assessment of: <ul style="list-style-type: none"> a) future profitability of loss making stores by considering management's trading plans, recent performance of the store and historical accuracy of management's forecast b) usefulness of related Store Assets by considering management's plans for opening new stores and specification of the Store Assets. Where assets relating to the closed stores cannot be used within the same brand stores, we assessed management's plans for using these assets at stores of other brands and considered the viability of such plans. Evaluating the adequacy of the disclosures, in accordance with the requirements of the relevant financial reporting standards.

Independent Auditor's Report

To the Shareholders of Fawaz Abdulaziz AlHokair & Co. (continued)

Goodwill impairment

Refer to Note 6F and 6K to the consolidated financial statements for the accounting policy relating to goodwill and Note 8 for the goodwill disclosures

The key audit matter	How the matter was addressed in our audit
<p>As at 31 March 2021, the carrying value of goodwill amounted to SR 1,007 million (31 March 2020: SR 1,007 million). The goodwill arose on the acquisition of Innovative Union Company, Wahba Trading Company Limited, Nesk Trading Projects Company and Mango brand, each identified as a separate Cash Generating Unit (CGU).</p> <p>Goodwill is subject to an annual impairment test. For the purpose of the Group's impairment assessment of goodwill, management used the value in use model under which the future cash flows relating to each CGU were discounted and compared to their respective recoverable amounts. In carrying out impairment assessment, significant judgment and assumptions are required in determining the future cash flows, discount rate, growth rate and terminal value.</p> <p>We considered goodwill impairment as a key audit matter due to the significant judgment and assumptions involved in the impairment assessment process.</p>	<p>Our audit procedures in relation to goodwill impairment, among others included:</p> <ul style="list-style-type: none"> Assessing the design and implementation relating to Group's processes over recognition and measurement of goodwill impairment, including the assumptions used; Considering management's identification of CGUs and the appropriateness of allocation of goodwill; Involving our valuation specialist to test the key assumptions used in management's value-in-use calculation. Further, we assessed the appropriateness of key management assumptions in respect of estimated future cash flows, growth and discount rates and also performed a sensitivity analysis on these key assumptions; Checking the accuracy and completeness of the underlying information produced by management which was used in the impairment assessment; Considering the adequacy of the Group's financial statement goodwill disclosure in accordance with applicable financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent Auditor's Report

To the Shareholders of Fawaz Abdulaziz AlHokair & Co. (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



Independent Auditor's Report

To the Shareholders of Fawaz Abdulaziz AlHokair & Co. (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 of **Fawaz Abdulaziz AlHokair & Co. and its subsidiaries (the "Group")**.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company has not complied with the requirements prescribed by the applicable requirements of the Regulations for Companies, as the Company has an outstanding receivable balance of SR 183.8 million from a shareholder as at 31 March 2021.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, Date: 7 July 2021
Corresponding to: 27 Dhul Qi'dah 1442H



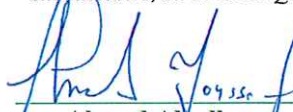
Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Consolidated statement of financial position


As at 31 March 2021

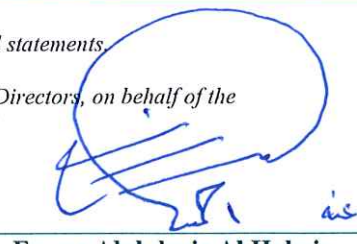
	Notes	31 March 2021	31 March 2020
Assets			
Property and equipment	7	1,327,471,618	1,514,310,454
Right-of-use assets	29A	3,401,916,309	4,058,005,277
Goodwill and intangible assets	8A	1,111,255,263	1,079,535,759
Investment property	9A	1,632,000	3,516,928
Investment in associates	10	2,699,577	31,912,752
Other investments	11	300,292,122	200,000,000
Receivable from disposal of subsidiaries	16	--	75,000,000
Non-current assets		6,145,266,889	6,962,281,170
Inventories	12	1,152,442,371	1,655,553,242
Advances, deposits and other receivables	13	470,570,204	570,309,960
Prepayments	14	47,855,658	68,470,014
Receivable from disposal of subsidiaries	16	75,000,000	75,000,000
Cash and cash equivalents	15	467,591,552	686,455,380
Current assets		2,213,459,785	3,055,788,596
Total assets		8,358,726,674	10,018,069,766
Equity			
Share capital	21	2,100,000,000	2,100,000,000
Statutory reserve	21	--	205,816,329
Foreign currency translation reserve		(510,642,899)	(579,002,031)
Accumulated losses		(1,037,812,790)	(112,249,813)
Equity attributable to the shareholders of the Company		551,544,311	1,614,564,485
Non-controlling interest	28	(99,970,100)	(84,870,401)
Total equity		451,574,211	1,529,694,084
Liabilities			
Loans and borrowings	17	2,304,450,432	2,423,747,120
Lease liabilities	29B	2,837,596,213	3,611,204,334
Employee benefits	19A	110,468,288	101,618,395
Non-Current liabilities		5,252,514,933	6,136,569,849
Loans and borrowings	17	819,584,379	759,722,532
Lease liabilities – current portion	29B	802,856,040	646,747,985
Zakat and tax liabilities	20B&C	15,848,276	10,802,154
Trade and other payables	18	1,016,348,835	934,533,162
Current liabilities		2,654,637,530	2,351,805,833
Total liabilities		7,907,152,463	8,488,375,682
Total equity and liabilities		8,358,726,674	10,018,069,766

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

These consolidated financial statements were authorized for issue by the Board of Directors, on behalf of the Shareholders, on 27 Dhul Qi'dah 1442H (7 July 2021) and signed on its behalf by:


Ahmed Albelbesy
 Chief Financial Officer


Marwan Moukartzel
 Chief Executive Officer


Fawaz Abdulaziz Al Hokair
 Chairman

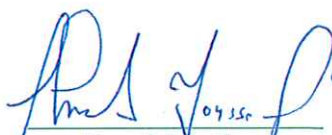
All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Consolidated statement of profit or loss


For the year ended 31 March 2021

	Notes	31 March 2021	31 March 2020
Revenue	23	4,232,513,102	5,341,789,217
Cost of revenue	24A	(4,320,813,982)	(4,933,943,863)
Gross profit		(88,300,880)	407,845,354
Other operating income	24E	270,891,859	217,209,345
Selling and distribution expenses	24B	(146,331,211)	(138,461,047)
General and administrative expenses	24C	(294,593,135)	(217,885,432)
Depreciation on property and equipment	7A	(285,964,325)	(278,714,666)
Depreciation on investment properties	9A	(351,692)	(3,750,000)
Impairment on investment properties	9A	(1,533,236)	--
Amortization on intangible assets	8A	(12,377,495)	(13,054,261)
Other operating expense	24D	(128,813,762)	(49,444,566)
Impairment loss on goodwill	8A	--	(5,817,109)
Impairment loss on other receivables	26D	--	(50,455,092)
Operating loss		(687,373,877)	(132,527,474)
Finance costs over loans and borrowings	24F	(145,994,237)	(203,981,822)
Finance costs over lease liabilities	29B	(208,962,148)	(247,530,613)
Net finance costs		(354,956,385)	(451,512,435)
Share of loss of associates	10	(20,212,598)	(49,470,760)
Loss before zakat and income tax		(1,062,542,860)	(633,510,669)
Zakat and Income tax expense	20A	(46,083,705)	(47,641,861)
Loss for the year		(1,108,626,565)	(681,152,530)
Loss for the year is attributable to:			
Shareholders of the Company		(1,090,753,102)	(656,256,644)
Non-controlling interests	28	(17,873,463)	(24,895,886)
		(1,108,626,565)	(681,152,530)
Loss per share			
Basic and diluted loss per share	25	(5.20)	(3.13)

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.


Ahmed Albelbesy
 Chief Financial Officer


Marwan Moukarzel
 Chief Executive Officer



Fawaz Abdulaziz Al Hokair
 Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Consolidated statement of comprehensive income


For the year ended 31 March 2021

	<i>Notes</i>	31 March 2021	31 March 2020
Loss for the year		(1,108,626,565)	(681,152,530)
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit liability	<i>19A</i>	(12,122,041)	(2,635,976)
Equity investments at FVOCI – net change in fair value	<i>11</i>	--	(31,361,800)
		(12,122,041)	(33,997,776)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		42,628,733	33,321,490
		42,628,733	33,321,490
Other comprehensive income / (loss) for the year, net of tax		30,506,692	(676,286)
Total comprehensive loss for the year		(1,078,119,873)	(681,828,816)
Total comprehensive loss for the year attributable to:			
- Shareholders of the Company		(1,062,099,303)	(655,826,416)
- Non-controlling interests		(16,020,570)	(26,002,400)
		(1,078,119,873)	(681,828,816)

The attached notes from *1 to 35* are an integral part of these consolidated financial statements.


Ahmed Albelbesy
 Chief Financial Officer


Marwan Moukartzel
 Chief Executive Officer


Fawaz Abdulaziz Al Hokair
 Chairman

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Consolidated statement of changes in equity

For the year ended 31 March 2021

	Attributable to shareholders of the Company					
	Share capital	Statutory reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings / (accumulated losses)	Total shareholders' equity
Notes						
Balance at 1 April 2019	2,100,000,000	205,816,329	(613,274,765)	161,041,800	623,915,770	2,477,499,134
Adjustment on initial application of IFRS 16	--	--	--	--	(207,108,233)	(207,108,233)
Adjusted balance at 1 April 2019	2,100,000,000	205,816,329	(613,274,765)	161,041,800	416,807,537	2,270,390,901
Total comprehensive income/(loss) for the year						
Loss for the year	--	--	--	--	(656,256,644)	(656,256,644)
Other comprehensive income/(loss)	--	--	34,272,734	(31,361,800)	(2,480,706)	430,228
Total comprehensive income/(loss) for the year	--	--	34,272,734	(31,361,800)	(658,737,350)	(655,826,416)
Transfers	--	--	--	(129,680,000)	129,680,000	--
Changes in ownership interests	--	--	--	--	--	--
Acquisition of subsidiary with NCI	--	--	--	--	--	--
Balance at 31 March 2020	2,100,000,000	205,816,329	(579,002,031)	--	(112,249,813)	1,614,564,485
Balance at 1 April 2020	2,100,000,000	205,816,329	(579,002,031)	--	(112,249,813)	1,614,564,485
Total comprehensive income/(loss) for the year						
Loss for the year	--	--	--	--	(1,090,753,102)	(1,090,753,102)
Other comprehensive (loss) / income	--	--	40,775,840	--	(12,122,041)	28,653,799
Total comprehensive (loss) / income for the year	--	--	40,775,840	--	(1,102,875,143)	(1,062,099,303)
Transfer from statutory reserve	--	(205,816,329)	--	--	205,816,329	--
Amount reclassified to retained earnings	--	--	27,583,292	--	(27,583,292)	--
Changes in ownership interests	--	--	--	--	--	--
Acquisition of NCI in subsidiary	--	--	--	--	(920,871)	(920,871)
Balance at 31 March 2021	2,100,000,000	--	(510,642,899)	--	(1,037,812,790)	551,544,311

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.

Ahmed Albelbesy
Chief Financial Officer

Marwan Moularzel
Chief Executive Officer

Fawaz Abdulaziz Al Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Consolidated statement of cash flows

For the year ended 31 March 2021

	<i>Notes</i>	31 March 2021	31 March 2020
Cash flows from operating activities:			
Loss for the year		(1,108,626,565)	(681,152,530)
<i>Adjustments for:</i>			
- Depreciation on property and equipment	7	285,964,325	278,714,666
- Depreciation on investment properties	9	351,692	3,750,000
- Amortization on intangible assets	8A	12,377,495	13,054,261
- Depreciation on right-of-use assets	29A	592,963,723	588,031,437
- Provision for employees benefits	19A	24,346,841	19,968,288
- Impairment loss on other receivables	26D	--	50,455,092
- Provision for inventory shrinkage and slow-moving inventory	12	477,280,067	550,216,742
- Gain on lease termination and modification	24E	(13,267,309)	(7,772,066)
- Zakat expense	20A	46,083,705	47,641,861
- Finance cost over loans and borrowings	24F	145,994,237	203,981,822
- Finance cost over lease liabilities	29B	208,962,148	247,530,613
- Share of loss from associates	10	20,212,598	49,470,760
- Loss on write-off of property and equipment	24D	6,891,619	6,934,082
- Store closure losses	24D	76,007,836	42,510,484
- Impairment loss on goodwill	8A	--	5,817,109
- Fair value gain on other investments	11	(15,860,000)	--
- Impairment of investment property	9	1,533,236	--
- Rental concession for leases	24E	(210,721,557)	(52,527,936)
- Gain on disposal of investment property	24E	--	(144,497,726)
		550,494,091	1,222,126,959
<i>Changes in:</i>			
- Inventories		25,830,804	(259,413,657)
- Advances, deposits and other receivables		90,307,634	(44,377,868)
- Prepayments, rentals and insurance		20,614,356	(13,601,610)
- Trade and other payables		83,668,565	(248,841,032)
- Accruals and other liabilities		--	(21,145,868)
Cash generated from operating activities		770,915,450	634,746,924
Zakat and income tax paid	20B&C	(41,037,583)	(75,037,913)
Employee benefits paid	19A	(27,618,989)	(16,425,505)
Net cash from operating activities		702,258,878	543,283,506
Cash flows from investing activities:			
Purchase of property and equipment	7A	(182,024,943)	(128,908,412)
Proceeds from disposal of property and equipment	7A(i)	--	170,266,854
Purchase of intangible assets	8A	(45,867,532)	(4,096,785)
Disposal of intangible assets	8A	1,770,533	19,983
Proceeds from disposal of investment	10, 11	9,000,577	223,680,000
Acquisition of subsidiary, net of cash acquired	27	--	23,947,916
Net cash (used in) / from investing activities		(217,121,365)	284,909,556

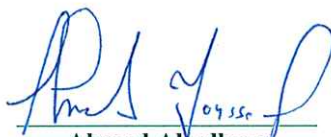
All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Consolidated statement of cash flows (continued)


For the year ended 31 March 2021

	<i>Notes</i>	31 March 2021	31 March 2020
Cash flows from financing activities:			
Proceeds from loans and borrowings		--	3,000,000,000
Repayments of loans and borrowings		(71,014,264)	(2,695,281,971)
Transaction costs paid during the year		--	(17,829,019)
Payments of finance costs over loans and borrowings		(134,414,814)	(204,705,048)
Repayments of lease liabilities	29B	(350,121,627)	(526,054,430)
Payments of finance costs over lease liabilities	29B	(208,962,148)	(247,530,613)
Net cash used in financing activities		(764,512,853)	(691,401,081)
Net (decrease) / increase in cash and cash equivalents		(279,375,340)	136,791,981
Foreign currency exchange translation differences		60,511,512	33,269,259
Cash and cash equivalents at the beginning of year		686,455,380	516,394,140
Cash and cash equivalents at end of year	15	467,591,552	686,455,380
Significant non-cash transactions:			
- Acquisition of subsidiary	27	--	(132,172,968)
- Transfer of consideration on purchase of acquisition	27	--	340,000,000
- Receivables transferred to other investments	11	(84,432,122)	--
- Receivable from disposal of subsidiaries transferred to Related parties	16	75,000,000	--

The attached notes from 1 to 35 are an integral part of these consolidated financial statements.


Ahmed Albelbesy
 Chief Financial Officer


Marwan Moukazel
 Chief Executive Officer


Fawaz Abdulaziz Al Hokair
 Chairman

For the year ended 31 March 2021

1. Reporting entity

Fawaz Abdulaziz Al Hokair & Co. (the “Company”) is a listed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010076209 dated 20 Sha’ban 1410H (corresponding to 18 March 1990).

The objective of the Company and its subsidiaries (collectively known as the “Group”) is to engage in the following activities:

- Wholesale and retail trading in ready-made cloth for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry.
- Wholesale and retail trading in sportswear and shoes and related items.
- Management and operation of optics centers and wholesale and retail trading in eyeglasses, sunglasses, contact lenses, optical equipment and accessories.
- Trading agencies.
- Purchase of land and construction of buildings thereon for running the Group’s activities and business.
- Manufacture, wholesale and retail in Abayas, robes, scarfs and other women embroidered gowns.
- Wholesale and retail trading in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals.
- Wholesale and retail trading in communication equipment and related accessories and spare parts, maintenance and operation through trading agencies.
- Retail trading in consumer food products.
- Own and operate restaurants, coffee shops, import food products and acquire related equipment.
- Own and operate entertainment centers and acquire related equipment.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

1. Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as of 31 March 2021 and 31 March 2020:

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				31 March 2021	31 March 2020
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	100	100
2	Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	Retail	100	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	100	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	100	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	100	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	100	100
7	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Food and Beverage	100	100
8	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	70	70
9	Azal Restaurants Company	Kingdom of Saudi Arabia	Food and Beverage	65	65
10	First Pizza Company	Kingdom of Saudi Arabia	Food and Beverage	51	51
11	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
12	Advanced Fashion Concepts LLC	United Arab Emirates	Retail	100	100
13	International Fashion Franchising Limited	United Arab Emirates	Retail	100	100
14	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
15	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
16	Retail Group Georgia LLC	Georgia	Retail	100	100
17	Master Retail Georgia LLC	Georgia	Retail	100	100
18	Spanish Retail Georgia LLC	Georgia	Retail	100	100
19	Pro Retail Georgia LLC	Georgia	Retail	100	100
20	Best Retail Georgia LLC	Georgia	Retail	100	100
21	Mega Store Georgia LLC	Georgia	Retail	100	100
22	Fashion Retail Georgia LLC	Georgia	Retail	100	100
23	Global Apparel Georgia LLC	Georgia	Retail	100	100
24	Retail Group Holding LLC	Georgia	Retail	100	100
25	Pro Retail Georgia LLC	Georgia	Retail	100	100
26	Modern Fashion Trading Line	Georgia	Retail	100	100
27	International Retail of Morocco	Morocco	Retail	100	100
28	Multi Trends Co.	Morocco	Retail	100	100
29	Retail Group of America LLC	United States of America	Entertainment	100	100
30	Monsoon Accessories USA INC	United States of America	Retail	100	100
31	Retail Group Jennyfer	United States of America	Retail	100	100
32	Retail Group France LLC	United States of America	Retail	100	100
33	Retail Group Spain LLC	United States of America	Retail	100	100
34	Retail Group Germany	United States of America	Retail	100	100
35	Retail Group Lipsy LLC	United States of America	Retail	100	100
36	Retail Group Zippy LLC	United States of America	Retail	100	100
37	Retail Group Cortefiel	United States of America	Retail	100	100
38	Retail Group Flormar	United States of America	Retail	100	100
39	Retail Group Balkans doo Beograd	Republic of Serbia	Retail	100	100

All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

1. Reporting entity (continued)

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at:	
				31 March 2021	31 March 2020
40	Retail Group Balkans doo Podgorica	Balkan Peninsula	Retail	100	100
41	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	100	100
42	RIGE Co.	Arab Republic of Egypt	Retail	99	99
43	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
44	Retail Group Armenia CJSC	Armenia	Retail	96	96
45	Spanish Retail CJSC	Armenia	Retail	100	100
46	ZR Fashion Retail CJSC	Armenia	Retail	100	100
47	Global Apparel CJSC	Armenia	Retail	100	100
48	BR Fashion Retail CJSC	Armenia	Retail	100	100
49	Master Retail CJSC	Armenia	Retail	100	100
50	Best Retail CJSC	Armenia	Retail	100	100
51	Retail Group CJSC	Armenia	Retail	100	100
52	Pro Retail CJSC	Armenia	Retail	100	100
53	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	95
54	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
55	Retail General Trading Co. Ltd.	Iraq	Retail	95	95
56	United Group Retail Trading Company LLC	Iraq	Retail	70	66.5
57	Models Own Holding Limited	United Kingdom	Retail	51	51
58	Models Own Limited	United Kingdom	Retail	51	51
59	Models Own International Ltd.	United Kingdom	Retail	51	51
60	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
61	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
62	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
63	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
64	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
65	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
66	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
67	Retail Group Holding LLC	Azerbaijan	Retail	85	85
68	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85

During the year ended 31 March 2021, the Group has signed a Sale Purchase agreement to acquire 39,253 (25.5%) ordinary shares of Vogacloset Limited, UK (an e-commerce Company) for a total consideration of SR 68,856,933. As at 31 March 2021, the necessary legal formalities for transfer of ownership including the regulatory approvals have not completed.

In addition to the above, the Group, directly and indirectly, owns certain dormant subsidiaries and special purpose vehicles across several countries which are not material to the Group.

The principal activities of all of the above subsidiary companies are wholesale and retail trading of fashion apparels and indoor entertainment business for kids. The indirect shareholding represents cross ownership among the subsidiary companies.

All amounts are presented in Saudi Riyals unless otherwise stated.

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (hereinafter refer to as “IFRS as endorsed in KSA”).

3. Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

- Equity investment at fair value through other comprehensive income (“FVOCI”) and investment at fair value through profit or loss (“FVTPL”) is measured at fair value.
- The defined benefit obligation is recognized at the present value of future obligations using the Projected Unit Credit Method.

4. Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal (“SR”) which is the functional currency of the Company.

5. Use of judgements and estimates

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

A. Judgements

The following judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of control over an investee

i. Management’s judgement in assessing control over consolidated subsidiaries:

Subsidiaries are all investees over which the Group has control. The Group’s management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees’ return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

For the year ended 31 March 2021

5. Use of judgements and estimates (continued)

A. Judgements (continued)

Determination of control over an investee (continued)

i. Management's judgement in assessing control over consolidated subsidiaries (continued):

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

Based on above considerations, management of the Group believes:

- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

ii. Management's judgement in assessing significant influence over investees:

Judgement was required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate under the equity method of accounting.

Determination of the reasonable certainty of exercising options of lease term extension

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

5. Use of judgements and estimates (continued)

A. Judgements (continued)

Determination of the incremental borrowing rate of lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when the need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

B. Assumptions and estimation uncertainties

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 differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment test of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Impairment test of financial assets

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

Provision for slow moving inventory and shrinkage

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete or subject to technological/market changes, an estimate is made of their net realizable value. Factors considered in determination of mark downs include current and anticipated demand, customer preferences and age of inventories as well as seasonal trends. For individually significant amounts this estimation is performed on an individual basis. Items which are not individually significant, but which are old or obsolete, are assessed collectively and a mark down provision applied accordingly to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Economic useful lives and residual values of property and equipment & intangible assets

The Group's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortization, respectively. These estimates are determined after considering the expected usage of the asset or physical wear and tear. Residual values are based on experience and observable data where available.

For the year ended 31 March 2021

5. Use of judgements and estimates (continued)

B. Assumptions and estimation uncertainties (continued)

Long-term assumptions for employee benefits

Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

6. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. Certain prior year figures have been reclassified to conform to current year presentation.

A. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company investments, transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity, respectively.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of subsidiary comprises the:

- the fair value of the assets transferred / acquired
- liabilities incurred to the former owners of the acquired business
- equity interest issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

When the Group loses control over a subsidiary, it recognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

A. Basis of consolidation (continued)

ii. Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associates is accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of investment in associates and others is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized under profit and loss in the consolidated statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

B. Foreign currencies

i. Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

ii. Foreign operations

The assets and liabilities of foreign operations (none of which has the currency of a hyperinflationary economy) are translated at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Saudi Riyals at exchange rates at the average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Foreign currency differences arising on foreign operations are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

C. Revenue recognition

The following are the description of accounting policies for principal activities, from which the Group generates its revenue:

Sales in retail outlets

Sales are recognized when the customer takes possession of the product sold by the Group. Payment of the transaction price is due immediately when the customer purchases the product.

Sales are measured based on the consideration specified in the contract with a customer excluding amounts collected on behalf of third parties, if any. Sales exclude Value Added Tax (VAT) collected. Sales are shown in the consolidated statement of profit or loss net of returns and any discounts given.

The group's return policy grants customers the right of return within three to seven days in normal sales and one day in the case of promotional sale with certain requirements and certain exceptions.

Online sales

Sales are recognized when the products are delivered to the customers by the shipping agent. Payment of the transaction prices is normally received upon or before placing online orders and recognized as a liability until the recognition of sales.

For all types of sales, historical experience suggests that the amount of returns is totally immaterial and accordingly, no refund liability is recognized at the time of sale. The validity of these conclusions is assessed at each reporting date. If the returns pattern changed, the Group would recognize a refund liability and corresponding asset (right to the returned goods) for products expected to be returned, with revenue and related cost of sales adjusted accordingly.

In all the above types, the stated price is the transaction price, and the Group does not have contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year, and as a result, the Group does not adjust transaction prices for the time value of money.

D. Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Expenditures on repairs and maintenance are expensed to the statement of profit or loss in the year they are incurred.

Depreciation is calculated from the date the item of property and equipment is available for its intended use. It is calculated on a straight-line basis over the useful life of the asset as follows:

Class of asset	Number of years
Buildings	33 years
Leasehold improvements	8-15 years
Furniture, fixtures and office equipment	10 years
Furniture, fixtures and office equipment	4 years

The assets' residual values, useful lives and methods of depreciation are reviewed on an annual basis, and adjusted prospectively if appropriate, at each consolidated statement of financial position date.

Land and assets under construction, which are not ready for its intended use, are not depreciated.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (please refer **Note 6K**).

All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

E. Investment properties

Investment properties are those properties, either owned by the Group or where the Group is a lessee under a finance lease, that are held either to earn rental income or for capital appreciation, or both. In addition, properties held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are measured at cost, including related transaction costs. After initial recognition at cost, investment properties are depreciated in line with owner-occupied buildings.

F. Intangible assets

i. Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the recognized identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

ii. Other intangible assets

Other intangible assets represent acquired software and related licenses, key money, deferred charges (i.e. trademarks / brand). Intangible assets are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated years of amortization of the principal classes of other intangible assets is as follows:

Class of asset	Number of years
Software	25 years
Key money	10 years
Deferred charges	8 years

Gains or losses arising from derecognizing an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

G. Inventories

Inventories, including goods available for sale and goods in transit are stated at the lower of cost and net realizable value.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete a sale. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

H. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, short-term deposits, demand deposits and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

I. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument

A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value. For financial instruments not classified at FVTPL, transaction costs that are directly attributable to its acquisition or issue are adjusted.

ii. Classification and subsequent measurement

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

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

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

- the asset is held within a business model whose objective is to hold assets 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

All amounts are presented in Saudi Riyals unless otherwise stated.

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6. Summary of significant accounting policies (continued)

I. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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 recognized in profit or loss.
Financial assets at Amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments At FVOCI	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized 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 amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

I. Financial instruments (continued)

iii. Derecognition

Financial assets

The Group derecognizes 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes 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 recognized 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 recognized 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 Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

J. Impairment of financial instruments

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Group measures loss allowances for trade receivables and other financial assets that are measured at an amount equal to lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group 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 Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. When estimating ECLs, the Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

J. Impairment of financial instruments (continued)

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; 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 amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

K. Impairment of non-financial asset

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an 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 amortization, if no impairment loss had been recognized.

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Notes to the consolidated financial statements

For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

L. Finance income and finance cost

Finance income includes interest income which is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in consolidated statement of profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise financial charges on borrowings including sukuk that are recognized in consolidated statement of profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis within finance cost.

M. Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

6. Summary of significant accounting policies (continued)

N. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) 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 can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as interest expense.

O. Employee benefits and post-employment benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave and air fare that are expected to be settled wholly within twelve months, after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. Post-employment obligation

The Group operates single post-employment benefit scheme of defined benefit plans driven by the labor laws of the countries in which the Group entities operate.

The post-employment benefits plans are not funded. Valuation of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

P. Zakat and income tax

i. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia on an accrual basis. The zakat expense is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

In calculating the zakat expense for the current year, the Group has adjusted its profit and applied certain deduction to its zakat base used to calculate the zakat expense. However, the zakat legislations of the Zakat, Tax and Customs Authority (ZATCA) in relation to those adjustments and deductions are not clear. The Group's management made its best estimates for those assumptions based on industry practice and historical experience.

6. Summary of significant accounting policies (continued)

P. Zakat and income tax (continued)

ii. Income tax

For subsidiaries incorporated and operating outside the Kingdom of Saudi Arabia, provision for tax is computed in accordance with the tax regulations of their respective countries, when it is material. The Group believes both of the current and deferred income tax of those subsidiaries as immaterial.

iii. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Q. Dividends

Provision is made for the amount of any dividends declared being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting year but not distributed at the end of the reporting year.

R. Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the financial year as all the Company's shares are ordinary shares.

Diluted earnings per share is calculated by adjusting the basic earnings per share for the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

S. Statutory reserve

In accordance with the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to recognize a reserve comprising 10% of its net profit for the year until such reserve equals 30% of its share capital. As per the by-laws the company will cease the contribution when such reserve will reach 50% of its Share Capital.

For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

T. Leases

At inception of a contract, the Group assesses whether the 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 Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. 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 Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

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 the costs of dismantling and removing the underlying asset and restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The Group determines its incremental borrowing rate by obtaining rates from various external financing sources and makes certain adjustments to reflect the terms of the leases and type of the assets leased.

The lease liability is measured at amortized 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 Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group's 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.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

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For the year ended 31 March 2021

6. Summary of significant accounting policies (continued)

U. Segment reporting

An operating segment is a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of its operations are continuously analysed by management in order to make decisions related to resource allocation and performance assessment; and
- For which discrete financial information is available.

A geographical segment is a Group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

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Notes to the consolidated financial statements

For the year ended 31 March 2021

7. Property and equipment

See accounting policies in [Notes 6D and 6K](#).

A. Reconciliation of carrying amount

	Notes	Land	Buildings and leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Under construction (ii)	Total
Cost:							
Balance at 1 April 2019		14,920,930	2,939,179,529	666,867,793	13,806,630	385,585,918	4,020,360,800
Additions		--	68,986,067	40,394,589	1,203,978	18,323,778	128,908,412
Additions on acquisition	27	--	71,146,079	50,757,803	4,196,741	5,364,260	131,464,883
Disposals	(i)	--	(145,031,302)	(14,932,440)	(591,900)	(164,139,158)	(324,694,800)
Balance at 31 March 2020		14,920,930	2,934,280,373	743,087,745	18,615,449	245,134,798	3,956,039,295
Additions		--	137,022,759	12,646,941	83,000	32,272,243	182,024,943
Transfers		--	12,312,747	814,291	--	(13,127,038)	--
Disposals	(i)	--	(380,584,838)	(38,209,116)	(676,850)	(17,952,517)	(437,423,321)
Balance at 31 March 2021		14,920,930	2,703,031,041	718,339,861	18,021,599	246,327,486	3,700,640,917
Accumulated depreciation and impairment losses:							
Balance at 1 April 2019		--	1,818,611,721	435,579,204	13,806,630	--	2,267,997,555
Charge for the year		--	212,609,837	65,141,221	963,608	--	278,714,666
Disposals	(i)	--	(89,459,043)	(14,932,440)	(591,897)	--	(104,983,380)
Balance at 31 March 2020		--	1,941,762,515	485,787,985	14,178,341	--	2,441,728,841
Charge for the year		--	225,292,437	59,772,584	899,304	--	285,964,325
Disposals	(i)	--	(324,377,821)	(29,469,203)	(676,843)	--	(354,523,867)
Balance at 31 March 2021		--	1,842,677,131	516,091,366	14,400,802	--	2,373,169,299
Carrying amounts:							
At 1 April 2019		14,920,930	1,120,567,808	231,288,589	--	385,585,918	1,752,363,245
At 31 March 2020		14,920,930	992,517,858	257,299,760	4,437,108	245,134,798	1,514,310,454
At 31 March 2021		14,920,930	860,353,910	202,248,495	3,620,797	246,327,486	1,327,471,618

All amounts are presented in Saudi Riyals unless otherwise stated.

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7. Property and equipment (continued)

- (i) The Group had disposed-off property and equipment for sale proceeds of Nil (2020: SR 170 million) during the year.
- (ii) During 2020, the Group had changed plans for stores expansion and SR 160 million has been refunded from the contractor.

8. Goodwill and intangible assets

See accounting policies in [Notes 6F and 6K](#).

A. Reconciliation of carrying amount

	<i>Note</i>	Goodwill (<i>Note 8B</i>)	Software	Key money	Deferred charges	Total
Cost						
Balance at 1 April 2019		804,560,265	75,221,948	141,659,508	8,187,138	1,029,628,859
Additions		--	--	176,000	3,920,785	4,096,785
Additions on acquisition	<i>27</i>	207,827,033	--	12,750,714	--	220,577,747
Disposals		--	--	--	(19,983)	(19,983)
Balance at 31 March 2020		1,012,387,298	75,221,948	154,586,222	12,087,940	1,254,283,408
Additions		--	42,375,908	1,485,200	2,006,424	45,867,532
Disposals		--	(235,035)	(4,892,080)	(680,011)	(5,807,126)
Balance at 31 March 2021		1,012,387,298	117,362,821	151,179,342	13,414,353	1,294,343,814
Accumulated amortization and impairment						
Balance at 1 April 2019		--	54,169,262	101,072,928	634,089	155,876,279
Charge for the year		--	1,409,263	8,082,063	3,562,935	13,054,261
Disposals / Impairment		5,817,109	--	--	--	5,817,109
Balance at 31 March 2020		5,817,109	55,578,525	109,154,991	4,197,024	174,747,649
Charge for the year		--	3,758,335	6,826,079	1,793,081	12,377,495
Disposals		--	(235,034)	(3,648,550)	(153,009)	(4,036,593)
Balance at 31 March 2021		5,817,109	59,101,826	112,332,520	5,837,096	183,088,551
Carrying amount						
At 1 April 2019		804,560,265	21,052,686	40,586,580	7,553,049	873,752,580
At 31 March 2020		1,006,570,189	19,643,423	45,431,231	7,890,916	1,079,535,759
At 31 March 2021		1,006,570,189	58,260,995	38,846,822	7,577,257	1,111,255,263

B. Goodwill

	<i>Note</i>	Year	Equity Interest	31 March 2021	31 March 2020
Nesk Projects Trading Co	<i>(i)</i>	2012	100%	417,796,779	417,796,779
Mango brand	<i>(ii)</i>	2014	100%	319,508,613	319,508,613
Innovative Union Company	<i>(iii)</i>	2020	100%	207,827,033	207,827,033
Wahba Trading Company Ltd	<i>(iv)</i>	2009	100%	61,437,764	61,437,764
Carrying amount				1,006,570,189	1,006,570,189

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Goodwill and intangible assets (continued)**B. Goodwill (continued)**

- i. Nesk Trading Projects Company operates fashion retail stores all over the Kingdom with franchise rights of a number of international fashion brands including Stradivarius, Mango, Okaidi, Women' Secret, Gerry Weber and Ikks.

The Group acquired Nesk Trading Projects Company, for cash in an aggregate amount of SR 730 million having net acquisition cost of SR 661.2 million after deducting net cash acquired amounting to SR 68.8 million.

- ii. The Group acquired the business of fashion retail and franchise rights of the international fashion brand "Mango" in the Kingdom of Saudi Arabia for a consideration of SR 378 million.
- iii. The Group acquired Innovative Union Company from a related party. At the date of acquisition, the carrying value of net assets acquired was SR 132.2 million and the cost of acquisition was SR 340 million accordingly, a goodwill amounting to SR 207.8 million arose at the acquisition of this subsidiary.

Innovative Union Company operates food and beverage stores all over the Kingdom with franchise rights of a number of food brands including Cinnabon, Mama roti and Molten chocolates.

- iv. The Group acquired Wahba Trading Company Limited at a fair value of SR 118.6 million and the cost of acquisition was SR 180 million accordingly, a goodwill amounting to SR 61.4 million arose at the acquisition of this subsidiary.

C. Impairment test

Goodwill is tested annually for impairment by management. During 2021, the management has determined that goodwill carrying amounts are less than their recoverable amounts. Recoverable amounts were determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for each of the Companies.

In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for fashion retail and food and beverage business in which the companies operate. Key assumptions for the value-in-use calculation are set out below;

	Wahba Trading Company Limited	Nesk Projects Trading Company	Mango Brand	Innovative Union Company
Discount rate	13.3%	13.3%	13.3%	11.4%
Budgeted gross margins	46%	43.6%	43.5%	66.3%
Average annual growth rate for sale	2.2%	2.2%	2.2%	2.2%
Terminal growth rate	2.6%	2.6%	2.6%	2.6%

The discount rates used are pre-zakat and reflect weighted average cost of capital adjusted for leverage and Company specific risks. Management has determined the budgeted gross margins based on past performance and its expectations for the market development.

D. Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for the subsidiaries, any adverse changes in a key assumption would result in an impairment loss. The key assumptions, where reasonably possible changes could result in impairment, are the terminal growth rates and the discount rates used.

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9. Investment property

See accounting policies in [Notes 6E and 6K](#).

A. Reconciliation of carrying amount

	Notes	Land and buildings	Residential apartment	Total
Cost				
Balance at 1 April 2019		104,252,274	3,516,928	107,769,202
Addition / (Disposal)	(i)	(104,252,274)	--	(104,252,274)
Balance at 31 March 2020		--	3,516,928	3,516,928
Addition / (Disposal)		--	--	--
Balance at 31 March 2021	(ii)	--	3,516,928	3,516,928
Accumulated depreciation and impairment				
Balance at 1 April 2019		45,000,000	--	45,000,000
Charge for the year		3,750,000	--	3,750,000
Disposal		(48,750,000)	--	(48,750,000)
Balance at 31 March 2020		--	--	--
Charge for the year		--	351,692	351,692
Impairment		--	1,533,236	1,533,236
Balance as at 31 March 2021		--	1,884,928	1,884,928
Carrying amount				
At 1 April 2019		59,252,274	3,516,928	62,769,202
At 31 March 2020		--	3,516,928	3,516,928
At 31 March 2021		--	1,632,000	1,632,000

- i. During 2020, the Group disposed its investment in Riyadh Galley mall for a consideration of SR 200 million. Resultant gain of SR 144.5 million had been recorded as gain on sale of the investment property. As per the terms of sale arrangement, in consideration the Group has received 20 million units of Al Mubarak Real Estate Income Fund – II representing nominal value of SR 200 million.
- ii. During the year 31 March 2021, the legal ownership of residential apartment has been transferred to the Group.

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10. Investment in associates

See accounting policies in [Notes 5A and 6A](#).

Associates:	Investate Harbour Land	Burberry Saudi Co. Ltd.	FG 4 Limited	Investate Harbour	Amwal Al Khaleejia Al Oula	Al Farida Trading Agencies	Al Waheedah Equipment	Total
Balance at 1 April 2019	16,495,794	16,933,015	24,618,392	900,750	22,435,561	13,908,062	38,956,175	134,247,749
Disposal	--	--	--	--	--	(13,908,062)	(38,956,175)	(52,864,237)
Share of profit / (loss) and impairment	(373)	(4,438,692)	(22,595,930)	(204)	(22,435,561)	--	--	(49,470,760)
Balance at 31 March 2020	16,495,421	12,494,323	2,022,462	900,546	--	--	--	31,912,752
Disposal	--	(9,000,577)	--	--	--	--	--	(9,000,577)
Share of profit / (loss) and impairment	(16,495,421)	(3,493,746)	677,115	(900,546)	--	--	--	(20,212,598)
Balance at 31 March 2021	--	--	2,699,577	--	--	--	--	2,699,577

Financial Year	31 July 2018	30 Nov 2020	31 March 2021	31 July 2018				
Assets	182,446,340	65,791,249	25,008,482	50,967,702	--	--	--	324,213,773
Liabilities	4,453,560	27,192,394	19,609,328	4,503	--	--	--	51,259,785
Net Assets	177,992,780	38,598,855	5,399,154	50,963,199	--	--	--	272,953,988
Percentage ownership interest	9.3%	0%	50%	1.7%	--	--	--	
Group's share of net assets	16,495,421	--	2,699,577	900,546	--	--	--	20,095,544

Revenue	--	14,952,821	2,217,203	--	--	--	--	17,170,024
Profit from continuing operations	--	(11,376,131)	(1,778,164)	--	--	--	--	(13,154,295)
Other comprehensive income	--	--	--	--	--	--	--	--
Total comprehensive income	--	(11,376,131)	(1,778,164)	--	--	--	--	(13,154,295)
Group's share of total comprehensive income	--	(3,289,754)	677,115	--	--	--	--	(2,612,639)

All amounts are presented in Saudi Riyals unless otherwise stated.

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11. Other investments

See accounting policies in [Notes 6A, 6I, and 6J](#).

	Equity securities at FVTPL (i)	Equity securities at FVOCI (ii)	Total
Cost			
Balance at 1 April 2019	--	255,041,800	255,041,800
Additions	200,000,000	--	200,000,000
Disposals	--	(255,041,800)	(255,041,800)
Balance at 31 March 2020	200,000,000	--	200,000,000
Revaluation adjustments			
Balance at 1 April 2019	--	161,041,800	161,041,800
Unrealized loss	--	(31,361,800)	(31,361,800)
Transfers	--	(129,680,000)	(129,680,000)
Balance at 31 March 2020	--	--	--
Net Book Value at 31 March 2020	200,000,000	--	200,000,000
Cost			
Balance at 1 April 2020	200,000,000	--	200,000,000
Additions	--	84,432,122	84,432,122
Balance at 31 March 2021	200,000,000	84,432,122	284,432,122
Revaluation adjustments			
Balance at 1 April 2020	--	--	--
Fair value gain	15,860,000	--	15,860,000
Balance at 31 March 2021	15,860,000	--	15,860,000
Net Book Value at 31 March 2021	215,860,000	84,432,122	300,292,122

- i. This represents investment in 20,000,000 units of Al Mubarak real estate income fund –II (the “fund”) with a nominal value of SR 10 each which has been acquired by the Company in exchange of its share of ownership of an investment property. The fund is a private closed ended real estate investment fund and the Group acquired its units on 16 December 2019.
- ii. During the year ended 31 March 2021, the Group has acquired 8.9% shares in Egyptian centers for real estate development in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition.

12. Inventories

See accounting policy in [Note 6G](#).

	<i>Note</i>	31 March 2021	31 March 2020
Finished goods			
- Available for sale		1,155,674,884	1,717,795,573
- Goods in transit		111,644,820	162,246,868
Consumables and supplies		29,141,193	35,066,695
Gross inventories		1,296,460,897	1,915,109,136
Provision for inventory	(i)	(144,018,526)	(259,555,894)
Net inventories		1,152,442,371	1,655,553,242

- i. Movement in provision for inventory is as follows:

	31 March 2021	31 March 2020
Opening balance	259,555,894	221,665,140
Charge	107,712,293	221,216,742
Written-off	(223,249,661)	(183,325,988)
Closing balance	144,018,526	259,555,894
Inventories directly written off to profit or loss	369,567,774	329,000,000

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13. Advances, deposits and other receivables

See accounting policies in Notes 6I and 6J.

	Note	31 March 2021	31 March 2020
Receivables due from related parties	32B	192,364,016	197,088,533
Other receivables			
- Advances to suppliers		117,556,115	159,166,462
- Margin on letters of credit and guarantee		89,194,778	30,257,097
- Security deposits		34,664,512	28,973,964
- Receivable from credit card and wholesale		13,462,051	10,687,939
- Employee receivables		12,780,612	24,403,381
- Custom refund receivable		7,571,057	10,732,301
- Margin compensation receivable		133	6,360,513
- VAT receivable		--	75,805,985
- Receivable from human resources development fund		--	3,452,167
- Others		2,976,930	23,381,618
		278,206,188	373,221,427
Impairment allowance for doubtful receivables		--	--
		470,570,204	570,309,960

14. Prepayments

See accounting policies in Notes 6I and 6J.

	Note	31 March 2021	31 March 2020
Prepaid rent			
- Related party	32B	--	14,146,401
- External party		--	1,604,849
Prepaid insurance		21,249,972	47,078,170
Others		26,605,686	5,640,594
		47,855,658	68,470,014

15. Cash and cash equivalents

See accounting policy in Note 6H.

	Note	31 March 2021	31 March 2020
Bank balances	(i)	451,840,180	679,808,231
Cash in hand		15,751,372	6,647,149
		467,591,552	686,455,380

- i. Bank balances includes SR 205 million (2020: SR 595 million) which represent placement deposits with financial institution. The deposits are for short term period and carries average profit rate of 0.9% (2020: 0.65%).

16. Receivable from disposal of subsidiaries

See accounting policies in Notes 6A, 6I, and 6J.

The Group has disposed certain entities and operations during previous year. Amounts disclosed in the consolidated statement of financial position as receivable from disposal of subsidiaries are as follows:

	Note	2021	2020
Global Levia and its subsidiaries	(i)		
- Non-current portion		--	75,000,000
- Current portion		75,000,000	75,000,000
		75,000,000	150,000,000

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16. Receivable from disposal of subsidiaries (continued)

- i. Pursuant to the decision of the Board of Directors in their meeting held on 29 June 2016, the Group had disposed off Global Levia and its subsidiaries ("the Disposed Entities") for a total consideration of SR 375 million receivable in 5 annual equal installments starting from 29 June 2017 onwards. Management rights had been transferred by the Group and accordingly, the Group had lost its power to direct the relevant activities of the Disposed Entities.

The sale was made at the net book value of the Disposed Entities of SR 350 million and included a mark-up of SR 25 million for deferred payments, accordingly no gain or loss is recognized on the sale transaction. The sale consideration is secured by a personal guarantee from the Chairman of the Company who was the Chairman of the board of the company on the date of transaction and has 15% stake in the buying entity.

During the year, an installment of SR 75 million (2020: SR 75 million) had been transferred against the settlement of purchase consideration for acquisition of a subsidiary. Please refer to [Note 27](#).

17. Loans and borrowings

See accounting policies in [Note 6I](#).

	<i>Note</i>	31 March 2021	31 March 2020
Islamic facility with banks (murabaha)	<i>17A(i)</i>	2,985,507,515	2,983,058,081
Short term Islamic banking facilities	<i>17A(ii)</i>	3,541,520	27,045,795
Financing against inventory	<i>17A(iii)</i>	116,693,493	149,998,571
Banking facilities of GCC subsidiaries	<i>17A(iv)</i>	18,292,283	23,367,205
		3,124,034,811	3,183,469,652
Short term borrowings		138,527,296	200,411,571
Current portion of long term borrowings		681,057,083	559,310,961
Loans and Borrowings - Current liabilities		819,584,379	759,722,532
Loans and Borrowings - Non Current liabilities		2,304,450,432	2,423,747,120
		3,124,034,811	3,183,469,652

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in [Note 26](#).

A. Terms and repayment

- i. The Group signed a long-term Murabaha financing agreement with a local commercial bank as the Murabaha Investment Agent and Murabaha Participants, amounting to facilities of SAR 2,400 million and USD 166,000 on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in six half yearly installments commencing after 12 months from the date of signing the agreement. As at 31 March 2021, the Group has fully utilized this facility.
- ii. The Group has short-term Murabaha facilities with local and foreign commercial banks amounting to SR 100 million (2020: SR 100 million). The facilities are secured by promissory notes by the Group and utilized for working capital management.

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17. Loans and borrowings (continued)

A. Terms and repayment (continued)

- iii. During 2020, the Group entered into an arrangement with an unrelated counterparty whereby the Group sold certain inventory items for SR 137.3 million and repurchased the same for SR 150 million with a settlement term of 1 year. As the Group continued to retain control over these inventory items the arrangement does not qualify as sale and purchase transaction. Accordingly, this arrangement is not reflected as sale or purchase but as secured short-term financing. The differential between the sale and repurchase price is being amortized over the period of the arrangement. The arrangement is secured by irrevocable standby letters of credit.
- iv. The borrowings under GCC subsidiaries are secured by corporate guarantee given by the Parent Company. The facility is for short-term period on prevailing market terms. As at 31 March 2021 and 2020, the Group had no unutilized facility.

18. Trade and other payables

See accounting policy in [Note 6I](#).

	<i>Note</i>	31 March 2021	31 March 2020
Trade payables			
Trade payables to suppliers		532,764,384	472,622,846
Other payables			
Contractors and others		135,077,107	240,183,497
Related parties	<i>32B</i>	136,539,166	113,953,401
Credit cards		2,894,579	9,684,160
Employees' salaries and benefits		82,733,253	58,507,764
VAT payable		21,183,359	--
Accrued finance cost		16,558,569	6,479,144
Government duties		17,583,469	11,614,843
Royalty		14,900,071	11,801,409
Consignment margin		5,269,432	4,476,781
Other accrued expenses		50,845,446	5,209,317
		483,584,451	461,910,316
Trade and other payables		1,016,348,835	934,533,162

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19. Employee benefits

See accounting policy in [Note 60](#).

The Group operates unfunded defined benefit plans for its permanent employees as required by the Saudi Arabia Labor Law and in accordance with the local statutory requirements of the foreign subsidiaries. The payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment.

A. Movement in employee benefits liability

	<i>Note</i>	31 March 2021	31 March 2020
Balance at 1 April		101,618,395	83,664,754
Included in profit or loss			
Current service cost		20,241,565	16,435,288
Interest cost		4,105,276	3,533,000
		24,346,841	19,968,288
Included in OCI			
Actuarial (gain) loss arising from			
– financial assumptions		12,122,041	(579,024)
– other assumptions and experience adjustments		--	3,215,000
		12,122,041	2,635,976
Other			
Acquisition of new subsidiary	<i>27</i>	--	11,774,882
Benefits paid		(27,618,989)	(16,425,505)
Balance at 31 March		110,468,288	101,618,395

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 March 2021	31 March 2020
Economic assumptions		
Gross discount rate	2.8%	4.1%
Price inflation	2.0%	2.0%
Salary growth rate	3.0%	3.0%
Demographics assumptions		
Number of employees	7,525	8,896
Average age of employees (years)	31.0	30.8
Average years of past service	3.5	3.1

C. Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions made in the calculation is as follows:

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Salary inflation (1% movement)	9,654,000	(11,640,000)	4,760,000	(12,123,000)
Discount rate (1% movement)	(11,790,000)	9,586,000	(11,982,000)	4,750,000

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20. Zakat and tax liabilities

See accounting policy in [Note 6P](#).

A. Amounts recognized in profit or loss

	Note	2021	2020
Current year zakat charge		17,392,802	19,316,809
Changes in estimates of zakat related to prior years		24,100,628	19,433,891
Current year income tax charge		4,590,275	8,891,161
		46,083,705	47,641,861

B. Zakat

i. Movement in zakat liability is as follows:

	Note	31 March 2021	31 March 2020
Balance at 1 April		4,595,451	36,193,337
Current year zakat charge		17,392,802	19,316,809
Changes in estimates of zakat related to prior years		24,100,628	19,433,890
Payments (a)		(31,933,836)	(70,348,585)
Balance at 31 March		14,155,045	4,595,451

a. Includes SR 23,934,353 (2020: Nil) settled through utilization of VAT receivable.

ii. Computation of zakat charge is as follows:

	Note	31 March 2021	31 March 2020
Shareholders' equity and other payables		3,233,453,645	3,278,548,965
Adjusted net income		(832,668,198)	(30,252,613)
Deductions and other adjustments		(1,705,073,386)	(2,476,072,399)
Zakat base		695,712,061	772,223,953
Zakat at 2.5% (higher of adjusted net income or Zakat base)		17,392,802	19,316,809

iii. Status of zakat assessments is as follows:

The Company has filed its zakat returns with ZATCA for all years up to and including the year ended 31 March 2020. The zakat returns for the years for 31 March 2015 and 31 March 2016 are under review of ZATCA. The Company finalized zakat assessment for the year 31 March 2008 to 2014 in prior year according to decision received by appeal committee which resulted in amount payable of SR 36.2 million.

C. Income tax

i. Movement in income tax liability is as follows:

	Note	31 March 2021	31 March 2020
Balance at 1 April		6,206,703	2,004,869
Current year income tax charge	(a)	4,590,275	8,891,161
Payments		(9,103,747)	(4,689,327)
Balance at 31 March		1,693,231	6,206,703

b. Includes deferred tax (reversal) / charge of SR 0.3 million (2020: SR 0.9 million)

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20. Zakat and tax liabilities (continued)

C. Income tax (continued)

- i. Status of zakat assessments is as follows:

The income tax returns for subsidiary in the USA has been filed with the relevant tax authorities for all years up to the year ended 31 March 2019, the income tax return for subsidiaries in Jordan, Egypt, Kazakhstan, Morocco, Georgia Azerbaijan and Armenia have been filed for all years until 31 March 2017. For subsidiaries Balkan Countries the income tax returns have been filed up to the year ended 31 December 2015.

The income tax returns for above subsidiaries are under review by the relevant tax authorities. For the subsidiaries in Kazakhstan and Egypt, the investigation by tax authorities for the previous years is under process. As at 31 March 2021, there are no pending adverse assessments relating to income tax in any of the subsidiaries. The Group has accrued income tax liabilities and there are no significant penalties under local jurisdictions due to delay in filing of tax returns for above subsidiaries.

21. Share capital and Reserves

A. Share Capital

The Company's shareholding as at 31 March 2021 and 31 March 2020 is as below:

	No. of shares	Par value	Total
Ordinary share capital	210,000,000	10	2,100,000,000

B. Statutory reserve

The Board of Directors, in its meeting held on 17 Rajab 1442H (corresponding to 30 March 2021), approved to absorb part of the accumulated losses of the Company by transferring amount of SR 205.8 million from the statutory reserve of the Company.

22. Operating segments

See accounting policy in **Note 6U**.

A. Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different marketing strategies.

The Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis.

Reportable segments

The following table describes the operations of each reportable segments:

Reportable segments	Operations
Fashion retail	Primarily include sales of apparels, footwears & accessories through retail outlets
Indoor entertainment	kids play centers
Food & beverage	Cafes and restaurants

Geographical information

The Group operates through their various retail outlets, indoor entertainment for kids in the Kingdom of Saudi Arabia (Domestic) and International geography which primarily includes Jordan, Egypt, Republic of Kazakhstan, United States of America, Republic of Azerbaijan, Georgia, Armenia and Morocco.

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22. Operating segments (continued)

B. Information about reportable segments and geographical information

The segment information from operations of these segments is provided below:

	Reportable segments					Geographical segments			
	Fashion retail	Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic	International	Inter-segment elimination	Total
	Amount in SR'000					Amount in SR'000			
2021									
Profit or loss									
Revenue	3,886,805	5,230	340,478	--	4,232,513	3,681,645	556,817	(5,949)	4,232,513
Depreciation and amortization	(242,893)	(17,863)	(37,586)	--	(298,342)	(243,982)	(54,360)	--	(298,342)
Finance charges	(333,673)	(4,196)	(17,087)	--	(354,956)	(314,284)	(40,672)	--	(354,956)
Net loss	(989,383)	(51,543)	(67,701)	--	(1,108,627)	(907,469)	(189,325)	(11,833)	(1,108,627)
Statement of financial position									
Non-current assets	5,585,904	151,827	407,536	--	6,145,267	7,890,788	669,422	(2,414,942)	6,145,267
Current assets	2,223,881	2,083	(12,504)	--	2,213,460	2,224,259	(133,359)	122,560	2,213,460
Total liabilities	7,426,166	121,313	359,673	--	7,907,152	7,209,746	650,176	47,230	7,907,152
2020									
Profit or loss									
Revenue	5,214,801	74,228	52,760	--	5,341,789	4,378,538	980,184	(16,933)	5,341,789
Depreciation and amortization	(233,301)	(41,162)	(21,056)	--	(295,519)	(128,424)	(167,095)	--	(295,519)
Finance charges	(442,739)	(5,818)	(2,955)	--	(451,512)	(399,058)	(52,454)	--	(451,512)
Net loss	(646,827)	(15,299)	(19,027)	--	(681,153)	(595,481)	(85,180)	(492)	(681,153)
Statement of financial position									
Non-current assets	6,270,339	230,685	461,257	--	6,962,281	7,675,777	847,145	(1,560,641)	6,962,281
Current assets	2,959,633	7,318	88,838	--	3,055,789	3,978,020	477,438	(1,399,669)	3,055,789
Total liabilities	7,887,775	170,761	429,840	--	8,488,376	7,576,691	2,385,377	(1,473,692)	8,488,376

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23. Revenue

See accounting policy in [Note 6C](#).

The Group generates revenue primarily from the sale of goods. Revenue is recognized when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods. In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major revenue streams:

	31 March 2021		Total
	Kingdom of Saudi Arabia	International Countries	
Apparels	2,874,470,351	456,571,832	3,331,042,183
Footwear & accessories	200,953,678	78,651,698	279,605,376
Others	265,743,134	10,414,847	276,157,981
Fashion retail	3,341,167,163	545,638,377	3,886,805,540
Food & beverages	340,478,224	--	340,478,224
Indoor entertainment	--	5,229,338	5,229,338
Total revenue	3,681,645,387	550,867,715	4,232,513,102

	31 March 2020		Total
	Kingdom of Saudi Arabia	International Countries	
Apparels	3,759,026,495	735,535,499	4,494,561,994
Footwear & accessories	376,330,024	128,232,746	504,562,770
Others	190,421,592	25,254,674	215,676,266
Fashion retail	4,325,778,111	889,022,919	5,214,801,030
Food & beverages	52,759,775	--	52,759,775
Indoor entertainment	--	74,228,412	74,228,412
Total revenue	4,378,537,886	963,251,331	5,341,789,217

24. Income and expenses

See accounting policy in [Note 6L](#).

A. Cost of revenue

	Note	2021	2020
Cost of goods	(i)	2,961,505,343	3,491,475,748
Depreciation on right-of-use asset	29C	592,963,723	588,031,437
Employees' salaries and benefits		581,961,626	671,569,803
Utilities and maintenance		57,681,615	67,683,447
Advertisement		24,253,359	16,008,407
Rent expense	29C	18,509,635	53,820,371
Travelling		3,999,424	3,244,699
Others		79,939,257	42,109,951
		4,320,813,982	4,933,943,863

- i. Cost of goods include a charge for inventory provision of SAR 107.7 million (2020: SAR 221.2 million). Further, it also includes a charge of SR 369.6 million (2020: SR 329.0 million) relating to write-down of inventories to net realizable value which were recognized directly as an expense and not routed through the inventory provision account.

All amounts are presented in Saudi Riyals unless otherwise stated.

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24. Income and expenses (continued)

B. Selling and distribution expenses

	<i>Note</i>	2021	2020
Employees' salaries and benefits		82,510,188	77,363,256
Bank charges		16,329,609	6,612,998
Advertising and promotions		16,308,146	15,228,766
Utilities and maintenance		8,924,291	11,624,379
Travel		4,012,463	8,819,632
Rent expense	29C	2,401,793	4,440,955
Freight and distribution charges		571,548	5,475,608
Others		15,273,173	8,895,453
		146,331,211	138,461,047

C. General and administrative expenses

	<i>Note</i>	2021	2020
Employees' salaries and benefits		124,418,835	103,314,516
Government fees and related charges		17,298,930	5,751,576
Utilities and maintenance		17,063,059	4,304,957
Travel and communication		15,937,748	10,167,327
Bank charges		15,803,022	38,320,141
Stationery and supplies		11,415,208	4,213,019
Advertising and publishing		5,590,845	--
Insurance		3,267,799	8,696,521
Rent	29C	3,187,963	6,972,873
Others		80,609,726	36,144,502
		294,593,135	217,885,432

D. Other operating expense

	<i>Note</i>	2021	2020
Store closure losses	(i)	76,007,836	42,510,484
Foreign exchange loss		45,914,307	--
Loss on write-off of property and equipment		6,891,619	6,934,082
		128,813,762	49,444,566

i. Represents write off related to assets for closed stores which were no more usable.

E. Other operating income

	<i>Note</i>	2021	2020
Rental concession for leases	29	210,721,557	52,527,936
Gain on lease termination and modification	29	13,267,309	7,772,066
Foreign exchange gain		--	4,473,179
Gain on disposal of investment property		--	144,497,726
Others		46,902,993	7,938,438
		270,891,859	217,209,345

F. Finance costs over loans and borrowings

	<i>Note</i>	2021	2020
Financial charges over loans and borrowings		143,544,803	169,572,637
Amortization of upfront fees		2,449,434	34,409,185
		145,994,237	203,981,822

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25. Loss per share

See accounting policy in [Note 6R](#).

The calculation of basic and diluted loss per share has been based on the following loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	<i>Note</i>	31 March 2021	31 March 2020
Loss attributable to ordinary shareholders		(1,090,753,102)	(656,256,644)
Weighted average number of ordinary shares	21	210,000,000	210,000,000
Basic and diluted loss per share		(5.20)	(3.13)

26. Financial instruments - fair values and risk management

See accounting policies in [Notes 6B, 6I, 6J, 6L, 6M, and 6N](#).

A. Accounting classification and fair values

As the Group's financial instruments are compiled under the historical cost convention, except for FVOCI and FVTPL equity investments which are carried at fair values, differences can arise between the book values and fair value estimates.

Management believes that the fair value of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair hierarchy value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	31 March 2021			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL					
Al Mubarak real estate income Fund –II	215,860,000	--	215,860,000	--	215,860,000
FVOCI – equity instruments					
Egyptian Centres for real estate development	84,432,122	--	--	84,432,122	84,432,122
	Carrying amount	31 March 2020			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
FVTPL					
Al Mubarak Real Estate Income Fund –II	200,000,000	--	--	200,000,000	200,000,000

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26. Financial instruments - fair values and risk management (continued)

B. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques and significant unobservable inputs used in measuring the above investments

Type	Valuation technique and significant unobservable inputs
Equity securities	<p>The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee.</p> <p>Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none">- the expected cash flows were higher (lower); or- the risk-adjusted discount rate were lower (higher).

C. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Capital management risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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For the year ended 31 March 2021

26. Financial instruments fair values and risk management (continued)

C. Financial risk management (continued)

The Group's risk management policies are established to identify and analyse the risk faced by the Group, 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 and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

i. Credit risk

Credit risk is the risk that other party will fail to discharge an obligation and will cause the Group to incur a financial loss. The Group has no significant concentration of credit risks. The Group's exposure to credit risk is as follows:

	<i>Note</i>	31 March 2021	31 March 2020
Cash at bank	15	451,840,180	679,808,231
Advances, deposits and other receivables	13	212,715,685	346,380,988
Receivable from disposal of a subsidiary and brands	16	75,000,000	150,000,000
		739,555,865	1,176,189,219

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings ranging from BBB+ to A+.
- Advances, deposits and other receivables are shown net of allowance for impairment on these balances. The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of receivables. The main components of this provision are the expected loss element of specific customers as well as the aggregate loss element that is estimated for a group of similar customers.
- Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

Movement of allowance for impairment is as follows:

	<i>Note</i>	31 March 2021	31 March 2020
Opening balance		--	21,132,032
Charge for the year		--	--
Write off		--	(21,132,032)
Closing balance		--	--
Other receivables directly written off to profit or loss		--	(50,455,092)

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For the year ended 31 March 2021

26. Financial instruments fair values and risk management (continued)

C. Financial risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Management monitors the liquidity risk on a regular basis and ensures that sufficient funds are available to meet the Group's future commitments.

The table below summarizes the contractual maturities of financial liabilities at the end of the reporting period. These amounts are grossed up and undiscounted and include estimated interest payments.

		Contractual cash flow		
Financial Liabilities	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
31 March 2021				
Loans and borrowings	3,124,034,811	856,777,047	2,256,806,016	455,965,963
Lease liabilities	3,640,452,253	750,590,042	2,987,737,087	1,101,656,228
Trade and other payables	1,016,348,835	1,016,348,835	--	--
	7,780,835,899	2,623,715,924	5,244,543,103	1,557,622,191
31 March 2020				
Loans and borrowings	3,183,469,652	787,303,575	1,945,134,975	767,712,557
Lease liabilities	4,257,952,319	863,198,232	2,951,020,090	1,550,140,477
Trade and other payables	934,533,162	934,533,162	--	--
	8,375,955,133	2,585,034,969	4,896,155,065	2,317,853,034

iii. Market risk

Market risk is the risk that changes in the market prices – such as foreign exchange rates and commission rates– will affect the Group'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.

Currency risk

It is a risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in currency that's not the Group entities' functional currencies which are Euros, U.S. dollars, Great Britain Pound, United Arab Emirate Dirham and Egyptian Pound. Management monitors the fluctuations in currency exchange rates, and the effect of the currency fluctuation has been accounted for in the consolidated financial statements.

At the end of the year, the Group had the following significant net currency exposures in foreign currencies. Presented below are the monetary assets and liabilities, net in foreign currencies:

Foreign currency exposures	31 March 2021	31 March 2020
EUR	(22,499,718)	(25,983,060)
USD	(33,478,077)	(39,457,561)
GBP	(1,024,965)	(659,879)
UAE Dirham	880,749	587,499
EGP	262,542	354,727,005

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26. Financial instruments fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk (continued)

Currency risk (continued)

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2021	2020	2021	2020
EUR	4.37	4.09	4.40	4.09
USD	3.75	3.75	3.75	3.75
GBP	4.91	4.86	5.16	4.86
UAE Dirham	1.02	1.02	1.02	1.02
EGP	0.24	0.22	0.24	0.22

Sensitivity analysis

The table below shows the non-pegged currencies to which the Group has a significant exposure on its monetary assets and liabilities. The analysis calculates the effect of reasonable possible movement of the currency rate against SR, with all other variables held constant, on the **consolidated statement of profit or loss**.

		Currency movement vs. Saudi Riyal (SR)			
		31 March 2021		31 March 2020	
Foreign currency	Change in currency	Strengthening	Weakening	Strengthening	Weakening
EUR	+/- 10%	(9,900,000)	9,900,000	(10,743,000)	10,743,000
GBP	+/- 10%	(529,000)	529,000	(307,000)	307,000
UAE Dirham	+/- 10%	89,836	(89,836)	60,104	(60,104)
EGP	+/- 10%	6,000	(6,000)	8,447,000	(8,447,000)
		(10,333,164)	10,333,164	(2,542,896)	2,542,896

As the Saudi Riyal is pegged to US Dollar, the Group is not exposed to significant currency risk arising out of US Dollar.

Commission rate risk

It is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha) amounting to SR 3,124 million at 31 March 2021 (31 March 2020: SR 3,182 million) bear financing commission charges at the prevailing market rates.

The Group's policy is to manage its financing charges using a mix of fixed and variable commission rate debts.

Sensitivity analysis

The following table demonstrates the sensitivity of the income to reasonable possible changes in the commission rates, with all other variables held constant.

	Currency	Increase / decrease in basis points of commission rates	Effect on income for the year
31 March 2021	SR	+30	(9,372,104)
	SR	-30	9,372,104
31 March 2020	SR	+30	(9,550,408)
	SR	-30	9,550,408

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26. Financial instruments fair values and risk management (continued)

C. Financial risk management (continued)

iv. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are;

- i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- ii) to provide an adequate return to shareholders

27. Acquisition of a subsidiary

See accounting policy in **Note 6A**.

On 23 January 2020 ("Date of acquisition"), the Group completed the acquisition process of Innovation Union Company (the 'Subsidiary'), a limited liability company registered in the Kingdom of Saudi Arabia. The Subsidiary operates fast food restaurants all over the Kingdom with franchise rights of a number of international fast food brands mainly represented by Cinnabon, Seattle's Best, Caffè Concerto, Crepe Affaire, Sutis, Kahve Dunyasi.

The Group acquired an effective 100% equity interest in Innovation Union Company, in exchange of some assets from the Group in an aggregate amount of SR 340 million having net acquisition cost of SR 316 million after deducting net cash acquired amounting to SR 24 million. The acquisition has been accounted for using the purchase method of accounting and accordingly, the purchase price paid has been allocated to the assets and liabilities based on fair values of the assets acquired and liabilities assumed.

The excess of the consideration paid over the fair value of the assets acquired, including separately identifiable intangible assets, and liabilities assumed has been allocated to Goodwill. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts, then the accounting for the acquisition will be revised.

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27. Acquisition of a subsidiary (continued)

	<i>Note</i>	Date of Acquisition
Assets		
Right of use asset		324,335,858
Property and equipment		131,464,883
Other intangible assets		12,750,714
Inventories		18,854,340
Prepayments and other current assets		35,679,964
Cash and cash equivalents		23,947,916
		547,033,675
Liabilities		
Lease liabilities		(345,046,554)
Amount due to related parties		(32,592,474)
Accounts payable and accruals		(17,236,124)
Employee benefits		(11,774,882)
		(406,650,034)
Net assets acquired		140,383,641
Share of non-controlling interest		(8,210,674)
Group's share of net assets acquired		132,172,967
Consideration for acquisition	<i>(i)</i>	340,000,000
Goodwill on acquisition		207,827,033

The following table summarizes the acquisition date value of consideration transferred for acquisition;

	<i>Note</i>	Date of Acquisition
Other receivables	<i>13</i>	157,681,478
Receivable from disposal of subsidiaries	<i>16(i)</i>	129,454,285
Investment in associates	<i>10</i>	52,864,237
		340,000,000

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28. Non-controlling interest (NCI)

See accounting policy in [Note 6A](#).

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intra group eliminations:

31 March 2021	Retail Group Azerbaijan LLC	Retail Group Armenia CJSC	Models Own Holding Limited	Food Gate Company*	Azal Restaurants Company*	Other non-material subsidiaries	Total
NCI percentage	15%	4%	49%	30%	35%		
Non-current assets	92,412,469	12,074,354	--	127,481,635	57,897,888	227,252,349	517,118,695
Current assets	35,678,015	44,890,967	301,413	24,889,458	18,408,268	94,468,635	218,636,756
Non-current liabilities	(74,133,086)	(6,640,264)	--	(71,330,836)	(33,734,511)	(127,201,852)	(313,040,549)
Current liabilities	(9,686,502)	(62,998,364)	(135,711,991)	(97,901,714)	(68,814,464)	(42,507,450)	(417,620,485)
Net assets	44,270,896	(12,673,307)	(135,410,578)	(16,861,457)	(26,242,819)	152,011,682	5,094,417
Net assets attributable to NCI	(14,648,313)	(506,934)	(66,351,183)	(5,058,437)	(9,184,986)	(4,220,247)	(99,970,100)
Revenue	45,609,355	84,352,925	--	141,759,630	45,512,821	158,694,056	475,928,787
Profit / (loss)	(18,288,259)	(8,320,962)	--	(36,302,380)	(11,747,234)	(9,543,792)	(84,202,627)
Profit / (loss) allocated to NCI	(2,743,239)	(332,838)	--	(10,890,714)	(4,111,532)	204,860	(17,873,463)

31 March 2020	Retail Group Azerbaijan LLC	Retail Group Armenia CJSC	Models Own Holding Limited	Food Gate Company*	Azal Restaurants Company*	Other non-material subsidiaries	Total
NCI percentage	15%	4%	49%	30%	35%		
Non-current assets	108,017,787	23,641,933	--	183,567,610	71,972,223	161,147,350	548,346,903
Current assets	59,514,343	53,809,115	2,163,710	30,144,743	16,500,548	172,471,037	334,603,496
Non-current liabilities	(81,319,707)	(12,501,084)	--	(116,948,957)	(44,863,068)	(154,439,161)	(410,071,977)
Current liabilities	(160,630,538)	(210,464,862)	(135,711,991)	(76,345,372)	(58,105,288)	(370,394,863)	(1,011,652,914)
Net assets	(74,418,115)	(145,514,898)	(133,548,281)	20,418,024	(14,495,585)	(191,215,637)	(538,774,492)
Net assets attributable to NCI	(11,162,717)	(5,820,596)	(65,438,658)	6,125,407	(5,073,455)	(3,500,382)	(84,870,401)
Revenue	192,190,100	123,505,120	10,177,971	25,112,920	7,795,600	149,795,897	508,577,608
Profit / (loss)	4,065,572	(12,372,681)	(37,008,302)	(4,721,107)	(14,467,501)	(16,988,518)	(81,492,537)
Profit / (loss) allocated to NCI	609,836	(494,907)	(18,134,068)	(1,416,332)	(5,063,625)	(396,790)	(24,895,886)

*These subsidiaries are owned through a wholly owned subsidiary of the Group, Innovative Union Company.

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29. Right-of-use assets and lease liabilities

See accounting policy in [Note 6T](#).

The Group leases stores and warehouses (property leases). The leases typically run for a period of 5 to 10 years, with an option to renew the lease after that date. Information about leases for which the Group is a lessee is presented below.

A. Right-of-use assets

	<i>Note</i>	31 March 2021	31 March 2020
Balance at 1 April		4,058,005,277	--
Recognition of right-of-use asset on initial application of IFRS 16		--	4,724,686,394
Additions on acquisition	27	--	324,335,858
Additions		444,009,164	74,803,175
Adjustment for termination		(340,405,120)	(417,866,110)
Adjustment for reassessment		(166,729,289)	(59,974,835)
Depreciation charge for the year		(592,963,723)	(588,031,437)
Forex gain / (loss)		--	52,232
Balance at 31 March		3,401,916,309	4,058,005,277

B. Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	<i>Note</i>	31 March 2021	31 March 2020
Non-current portion of lease liabilities		2,837,596,213	3,611,204,334
Current portion of lease liabilities		802,856,040	646,747,985
Balance at 31 March		3,640,452,253	4,257,952,319

	<i>Note</i>	31 March 2021	31 March 2020
Balance at 1 April		4,257,952,319	--
Recognition of lease liability on initial application of IFRS 16		--	4,902,297,967
Additions on acquisition	27	--	345,046,554
Interest expense		208,962,148	247,530,613
Additions		444,009,164	74,803,175
Adjustment for termination		(359,442,630)	(425,638,176)
Adjustment for re-assessment		(160,959,088)	(59,974,835)
Rental concession	24E	(210,721,557)	(52,527,936)
Forex Gain and Loss		19,735,672	--
Payment of lease liability			
– principal		(350,121,627)	(526,054,430)
– interest		(208,962,148)	(247,530,613)
Balance at 31 March		3,640,452,253	4,257,952,319

C. Amounts recognized in profit or loss

	<i>Note</i>	2021	2020
Depreciation of right-of-use assets	29A	592,963,723	588,031,437
Interest on lease liabilities	29B	208,962,148	247,530,613
Expenses relating to short-term / variable rent leases	24A, 24B, 24C	24,099,391	65,234,199

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29. Right-of-use assets and lease liabilities (continued)

D. Rent concessions

The Group negotiated rent concessions with its landlords for the majority of its retail store leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its retail store leases. The amount recognized in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is SR 210 million (2020: SR 52 million).

30. Commitments

As at the reporting date, the Group is committed to capital expenditures of SR 255 million (2020: SR 123.5 million) to purchase property and equipment.

31. Contingencies

As at the reporting date, the Group has outstanding contingencies:

Type	Nature	2021	2020
Letter of credits	Purchase of retail trading inventory	468,253,215	584,000,000
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	476,054,026	485,000,000

32. Related parties

Related parties comprise shareholders, key management personnel, directors and businesses, which are controlled directly or indirectly or influenced by the shareholders, directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

A. Key management personnel compensation

Key management personnel compensation is comprised as follows:

	31 March 2021	31 March 2020
Salaries and short-term benefits	13,403,697	12,794,972
Post-employment benefits	1,383,453	2,179,582
Board of Directors and board committees' remuneration and compensation	3,808,000	2,359,000
Total key management compensation	18,595,150	17,333,554

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)

Notes to the consolidated financial statements

For the year ended 31 March 2021

32. Related parties (continued)

B. Other related party transactions

Transactions and balances with related parties, in the normal course of business, are summarized below:

Name of related party	Relationship	Nature of transaction	Notes	Transaction values for the year ended 31 March		Balance outstanding at 31 March	
				2021	2020	2021	2020
Arabian Centres Company	Affiliate	Prepaid rentals	14	--	--	--	14,146,401
Saudi FAS Holding Company	Parent	Expenses paid on behalf of Company		74,473,868	109,284,003	183,750,983	109,277,116
Egyptian Centers for Real Estate Development	Company						
	Affiliate	Rental		6,378,761	--	--	84,322,156
	Equity accounted investees	Services / payment made on behalf of Company		5,123,771	1,218,056	6,341,828	1,218,056
Al Farida Trading Agencies		Management services		--	--	2,271,205	2,271,205
Amwal Al Khaleeja Al Oula							
Shy7lo Co. Ltd.	Affiliate	Revenue		--	203,903	--	--
			13	85,976,400	110,705,962	192,364,016	197,088,533
Due from related parties				85,976,400	110,705,962	192,364,016	211,234,934
Arabian Centers Company	Affiliate	lease payments / rental expense		303,397,543	362,470,264	(90,211,773)	(77,131,260)
		Payments made on behalf of Group/					
Food and Entertainment Co.	Affiliate	Other receivables		15,490,641	17,049,746	(14,131,637)	(24,446,976)
Wonderful Meals Co. Ltd.	Affiliate	Purchase of goods		(6,517,505)	20,236,283	(16,671,369)	(9,708,817)
Noura Bint Mohammed	Affiliate	Other		50,000	--	(14,703,592)	--
Hajen Co. Ltd.	Affiliate	Printing and advertisement		1,719,302	5,554,694	(820,795)	(2,666,348)
Due to related parties				314,139,981	405,310,987	(136,539,166)	(113,953,401)

All amounts are presented in Saudi Riyals unless otherwise stated.

For the year ended 31 March 2021

33. Standards issued but not yet effective

There are no new standards issued that were effective from 1 April 2020, however, there are number of amendments to the existing standards, but they do not have a material effect on the consolidated financial statements of the Group except as detailed in note 6.

A number of new pronouncements are effective for annual years beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new following or amended standards in preparing these consolidated financial statements:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

These amended standards and interpretations are not expected to have a significant impact on the consolidated financial statements.

34. Impact of covid-19

The COVID-19 pandemic, which commenced at the beginning of 2020, has caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia has taken stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic.

While the Group has been able to continue to trade through eCommerce portals, sale from retail outlet stores and food franchise stores were closed. Given the global political and economic uncertainty resulting from the COVID-19 pandemic, coupled with the fast-paced changes taking place across the retail sector, the Group expects to see significant volatility and business disruption in year 2021 - 2022.

Accordingly, the Group has reviewed all its assets including the inventory levels in light of future expectations of sales, impacting the recoverability of the cost of inventories and the level of provisioning required. When estimating provision for inventory, management has considered the nature and condition of inventory and performed a detailed assessment of inventory, including all items in stores, warehouses and outlets, taking into consideration the period of trading disruption, current sales and sale plans.

As a result, management has considered to provide for inventory items from old seasons which are unlikely to be sold upon reopening of stores or will be sold below cost to clear the inventory which has resulted in an increase in inventory provision level in the current year. Further, the Group has also written off certain aged inventory items as these were not considered saleable in the current environment.

The Group's management continues to study and follow up all the variables that affect the Group's activities, however, due to the inability to determine the time period of this pandemic and the precautionary measures and procedures as to what will emerge in the future, it is currently difficult to determine the size and extent of any financial impact accurately on the results of the Group up to the date of issuance of these consolidated financial statements. However, the Group does not anticipate any significant adverse implication in the future related to the Group remaining as a going concern.

35. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors for issuance on 27 Dhul Qi'dah 1442H (corresponding to 7 July 2021).