Union Coop

Reports and financial statements
for the year ended 31 December 2023

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BOARD OF DIRECTORS' REPORT

The Board has pleasure in submitting their report and the audited financial statements for the year ended 31 December 2023.

Incorporation and registered Office

Union Coop (the "Society") is registered as a CO-Operative Society in the Emirate of Dubai via a ministerial decree No. 31/2, dated 24 May 1982, issued by the Ministry of Social Affairs and is registered with the Federal Authority under No. 12 in the Co-operative management records. The registered Office address of the Society is P.O. Box 3861, Dubai, United Arab Emirates. The Society changed its name from Union Co-operative Society to Union Coop on 1 August 2016. In August 2022, the Federal Decree-Law No. 6 of 2022 on cooperative was released to govern the cooperatives in the United Arab Emirates, the law came into effect in December 2022.

On 18 July 2022, the Society listed 100% ordinary shares on the Dubai Financial Market ("DFM" or the "Exchange"). The share capital of the Society comprises of undividable shares of AED 1 each payable in full on application to be a member of the Society. Each member is entitled to a share in the Society's share capital up to a maximum of 10%.

Principal activities

The principal activity of the Society is establishing and managing hypermarkets in the United Arab Emirates ("UAE").

Results

Revenue for the year was AED 1,777 million (2022: AED 1,803 million). Profit before directors` remuneration and community responsibility expenses was AED 317 million (restated 2022: AED 389 million). Profit after directors` remuneration and community responsibility expenses was AED 297 million (restated 2022: AED 370 million).

Transactions with related parties

The financial statements disclose related party transactions and balances in Note 26. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors

KPMG were appointed as external auditors for the Society for the year ended 31 December 2023. A Shareholder's resolution is proposed to absolve them of their responsibility for the year ended 31 December 2023.

Cont'd...

BOARD OF DIRECTORS' REPORT
(continued)

Directors

The current members of the board of directors are:

■	Majid Hamad Rahmah Al Shamsi	Chairman
■	Ahmad Abdulkarim Julfar	Deputy Chairman
■	Fatima Abdullah Al Shaiba	Secretary of Board
■	Ahmed Mohamed Aqil Al Qassim	Treasurer
■	Mohammad Ali Lootah	Board Member
■	Marwan Atiq Bin Thani	Board Member
■	Ahmed AbdulRahim Al Ansari	Board Member

On behalf of the Board:

Chairman

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

Independent auditors' report

To the Shareholders of Union Coop

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Union Coop ("the Society"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Key Audit Matters

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

Impairment and reversal of impairment of certain property and equipment and Investment property

See Notes 8 and 9 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The impairment and reversal of impairments of certain buildings (forming part of properties and equipment and investment properties) and certain vacant lands (forming part of property and equipment) (collectively referred to as "properties") is a key audit matter due to the following: - The significance of the balances and judgment in assessing the Society's key valuation assumptions, methodologies and impact of impairment/reversal on the current and previous years, as applicable; - Certain properties exhibited indicators of impairment; and - Investment properties are required to be fair valued at each reporting period for disclosure purposes in accordance with IAS *40 Investment properties*.	Our procedures include: - Understanding the Society's process regarding the impairment and reversal of impairment of properties; - Evaluating the design and implementation of key internal controls over the impairment assessments; - We have evaluated the qualification and competency of the external valuer and read the terms of engagement of the valuers with the Society to determine whether there were any matters that might have affected their objectivity or limited the scope of their work; - We have obtained the fair valuation reports prepared by the management's specialists and we have involved our KPMG valuation specialists to assess the reasonableness of the key assumptions used in the valuation; - We have checked the mathematical accuracy of the impairment and reversal of impairment working provided by the management; and - We assessed the adequacy of the disclosures in the financial statements.

Lessee accounting – assessment of lease term	
See Notes 11 and 24 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
We have considered lease accounting under IFRS 16 as a key audit matter due to the following reasons: - Due to the volume and variety of lease contracts under which the Society is a lessee which require special audit attention; and - The availability of lease renewal option in lease contracts and whether the Society is reasonably certain to exercise such option to determine each lease term impact on the measurement, which is therefore critical to the accuracy of lease liability and right of use assets.	Our procedures include: - Understanding the Society's process regarding the determination of lease term periods; - We have assessed the design and implementation of the relevant controls for determination of lease term periods; - We have obtained the list of all leases from management and related lease contracts and checked the lease terms and renewal clauses on sample basis; - We have assessed the reasonableness of lease term periods in relation to the relevant useful life of non-movable assets situated on such leases; and - We assessed the adequacy of the disclosures in the financial statements.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report on pages 1 and 2.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

Based on the information that has been made available to us, except for that the Society has not complied with a number of clauses in the UAE Federal Law No. (6) of 2022 pertaining to co-operative societies and/or its articles of associations, relating to percentage of dividend declared and sufficiency of legal reserve, nothing else has come to our attention which causes us to believe that the Society has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Law No. (6) of 2022 pertaining to co-operative societies or its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2023.

As indicated on note 2 to the financial statements, the Society has adopted UAE Federal Law No. (6) of 2022 whereas they are still in the process of updating their articles of associations which is pending the release of the Executive Regulations by the relevant authority.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 5 April 2024

Statement of financial position

	Note	**31 December 2023 AED**	31 December 2022 AED restated*	01 January 2022 AED restated*
Assets				
Property and equipment	8	**2,034,869,295**	1,965,348,401	1,675,940,426
Investment properties	9	**426,032,389**	338,520,919	466,270,618
Intangible assets	10	**4,871,333**	6,251,765	6,298,938
Right of use assets	11	**440,971,538**	440,298,538	490,959,547
Capital advances	12	**17,096,822**	92,721,426	92,836,587
Investment in associate	13	**6,145,588**	6,013,020	7,262,152
Non-current assets		**2,929,986,965**	2,849,154,069	2,739,568,268
Inventories	14	**285,420,170**	277,917,110	274,494,348
Trade and other receivables	15	**74,771,750**	78,158,126	94,630,546
Short-term deposits	16	**70,000,000**	211,000,000	366,988,175
Cash and cash equivalents	17	**84,668,150**	182,594,227	190,626,670
Current assets		**514,860,070**	749,669,463	926,739,739
TOTAL ASSETS		**3,444,847,035**	3,598,823,532	3,666,308,007
Equity				
Share capital	18	**1,764,138,140**	1,764,138,140	1,764,138,140
Legal reserve	19	**882,069,070**	946,497,074	1,029,134,821
Defined benefit obligations reserve	22	**(223,368)**	-	-
Community responsibility reserve	20	**23,363,323**	8,619,749	-
Treasury stock	21	**(95,527,209)**	(95,527,209)	(95,527,209)
(Accumulated losses)/Retained earnings		**(22,569,572)**	56,692,546	(1,372,615)
Total Equity		**2,551,250,384**	2,680,420,300	2,696,373,137
Liabilities				
Employees` end of service benefits	22	**69,726,574**	76,536,074	74,626,596
Lease liability	24	**433,136,700**	425,920,464	459,179,111
Non-current liabilities		**502,863,274**	502,456,538	533,805,707
Trade and other payables	25	**371,572,927**	401,116,751	410,579,101
Lease liability	24	**19,160,450**	14,829,943	25,550,062
Current liabilities		**390,733,377**	415,946,694	436,129,163
Total liabilities		**893,596,651**	918,403,232	969,934,870
TOTAL EQUITY AND LIABILITIES		**3,444,847,035**	3,598,823,532	3,666,308,007

* The comparative information is restated. See Note 39.

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Society as of, and for the periods presented therein.

The financial statements were authorised for issue by the Board of Directors and signed on their behalf on 04/04/2024 by:

Chairman *Chief Executive Officer* *Secretary of the Board of Directors*

The notes on pages 13 to 57 form an integral part of these financial statements.

The independent auditors' report is set out on pages 3 to 7.

Statement of profit or loss and other comprehensive income

For the year ended 31 December

	Note	2023 AED	2022 AED restated*
Income from sales of goods	27	**1,777,175,648**	1,803,302,566
Income from other operating activities	28	**589,364,450**	606,636,969
Other income	29	**6,568,256**	18,541,189
Finance income	30	**1,498,816**	4,721,374
Cost of goods	31	**(1,499,857,681)**	(1,488,646,879)
Staff costs	32	**(245,475,890)**	(257,393,654)
Depreciation and amortisation expenses	33	**(91,214,494)**	(81,853,111)
Utilities expenses		**(78,553,772)**	(69,536,632)
Marketing expenses		**(26,556,142)**	(30,995,951)
Finance costs	34	**(29,954,829)**	(29,606,280)
Repair and maintenance expenses		**(15,405,400)**	(14,686,081)
Impairment loss on trade and other receivables	15	**(20,504,799)**	(12,070,302)
Other expenses	35	**(62,536,810)**	(57,394,856)
Reversal of impairment loss on non-financial assets	36	**13,051,546**	43,156
Impairment loss on non-financial assets	36	**(1,907,849)**	(1,196,229)
Impact of lease early termination		**1,074,257**	-
Share of profit/(loss) of associate	13	**132,568**	(1,249,132)
Profit before directors` remuneration and community responsibility expenses		**316,897,875**	388,616,147
Directors` remuneration expense	26	**(6,750,000)**	(6,750,000)
Community responsibility expenses	20	**(13,285,711)**	(11,951,066)
Profit after directors` remuneration and community responsibility expenses		**296,862,164**	369,915,081
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations	22	**(223,368)**	-
Total comprehensive income for the year		**296,638,796**	369,915,081
Earnings per share – Basic (AED)	23	**0.17**	0.22
Earnings per share – Diluted (AED)	23	**0.17**	0.22

* The comparative information is restated. See Note 39.

The notes on pages 13-57 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December

	Note	Share capital AED	Legal reserve AED	Defined benefit obligations reserve AED	Community responsibility reserve AED	Retained earnings / (accumulated losses) AED	Treasury stock AED	Total AED
At 1 January 2022, as previously reported		1,764,138,140	1,029,134,821	-	-	330,550,986	(95,527,209)	3,028,296,738
Impact of restatements	39	-	-	-	-	(331,923,601)	-	(331,923,601)
Restated balance at 1 January 2022		1,764,138,140	1,029,134,821	-	-	(1,372,615)	(95,527,209)	2,696,373,137
Total comprehensive income for the year (*restated)								
Profit for the year (*restated)		-	-	-	-	369,915,081	-	369,915,081
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income for the year (*restated)		-	-	-	-	369,915,081	-	369,915,081
Transactions with shareholders								
Dividend declared	40	-	-	-	-	(385,867,918)	-	(385,867,918)
Community responsibility allocation (*restated)	20	-	-	-	20,570,815	(20,570,815)	-	-
Total transactions with shareholders		-	-	-	20,570,815	(406,438,733)	-	(385,867,918)
Other movements								
Reversal of legal reserve for 2021	19	-	(82,637,747)	-	-	82,637,747	-	-
Utilization of reserve against spending (*restated)	20	-	-	-	(11,951,066)	11,951,066	-	-
Total other movements		-	(82,637,747)	-	(11,951,066)	94,588,813	-	-
Restated balance at 31 December 2022		**1,764,138,140**	**946,497,074**	**-**	**8,619,749**	**56,692,546**	**(95,527,209)**	**2,680,420,300**

* The comparative information is restated. See Note 39.

The notes on pages 13-57 form an integral part of these financial statements.

Statement of changes in equity *(continued)*
for the year ended 31 December

	Note	Share capital AED	Legal reserve AED	Defined benefit obligations reserve AED	Community responsibility reserve AED	Retained earnings / (accumulated losses) AED	Treasury stock AED	Total AED
At 1 January 2023		1,764,138,140	946,497,074	-	8,619,749	56,692,546	(95,527,209)	2,680,420,300
Total comprehensive income for the year								
Profit for the year		-	-	-	-	296,862,164	-	296,862,164
Other comprehensive income for the year		-	-	(223,368)	-	-	-	(223,368)
Total comprehensive income for the year		-	-	(223,368)	-	296,862,164	-	296,638,796
Transactions with shareholders								
Dividend declared	40	-	-	-	-	(425,808,712)	-	(425,808,712)
Community responsibility allocation (*restated)	20	-	-	-	28,029,285	(28,029,285)	-	-
Total transactions with shareholders		-	-	-	28,029,285	(453,837,997)	-	(425,808,712)
Other movements								
Reversal of legal reserve for 2022	19	-	(64,428,004)	-	-	64,428,004	-	-
Utilization of reserve against spending (*restated)	20	-	-	-	(13,285,711)	13,285,711	-	-
Total other movements		-	(64,428,004)	-	(13,285,711)	77,713,715	-	-
At 31 December 2023		**1,764,138,140**	**882,069,070**	**(223,368)**	**23,363,323**	**(22,569,572)**	**(95,527,209)**	**2,551,250,384**

* The comparative information is restated. See Note 39.

The notes on pages 13-57 form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December

	Note	2023 AED	2022 AED restated*
Cash flows from Operating activities			
Profit for the year		**296,638,797**	369,915,081
Adjustments for:			
Depreciation of property and equipment	8	**51,253,002**	45,146,420
Depreciation of Investment property	9	**13,213,902**	10,731,674
Amortisation of intangible assets	10	**4,620,445**	3,355,047
Depreciation of right of use of assets	11	**22,127,154**	22,619,970
Gain on sale of property and equipment and investment properties	29	**(229,365)**	(142,476)
Impairment of property and equipment	9	**(11,143,697)**	1,196,229
Impairment of investment property		**(1,074,257)**	(43,156)
Provision for defined benefit obligations	22	**9,701,488**	10,305,857
Provision for impairment of trade and other receivables	15	**(20,504,799)**	(12,070,302)
Provision for slow moving imported inventories - net	14	**127,322**	1,969,165
Finance income	30	**(1,498,816)**	(4,721,374)
Finance cost - lease liability	24	**16,272,173**	15,956,519
Adjustment of right of use and lease liability – net	24	**(1,808,883)**	(4,717,760)
Share of profit of associate	13	**(132,568)**	1,249,132
Payment of employees' end of service benefits	22	**(16,510,989)**	(8,396,379)
		361,050,900	452,353,647
Changes in			
Inventories		**(7,630,383)**	(5,391,927)
Trade and other receivables		**23,891,175**	31,374,515
Trade and other payables		**(29,543,824)**	(23,700,550)
Net cash generated from operating activities		**347,767,868**	454,635,685
Cash flows from Investing activities			
Acquisition of property and equipment		**(201,890,136)**	(210,155,811)
Acquisition of investment properties	9	**(864,580)**	(9,784,776)
Acquisition of intangible assets	10	**(3,220,095)**	(3,305,874)
Proceeds from sale of property and equipment and investment property		**330,608**	1,305,636
Interest received		**1,498,816**	4,721,374
Addition in short-term deposits	16	**70,000,000**	83,011,825
Deletion in short term deposits	16	**(211,000,000)**	(239,000,000)
Additions in capital advances	12	**75,624,604**	14,353,361
Net cash from/(used in) investing activities		**12,479,217**	(46,877,915)
Financing activities			
Dividends paid	20	**(425,808,712)**	(385,867,918)
Payment of lease liability	24	**(27,522,036)**	(26,113,580)
Interest payment for lease liability		**(4,842,414)**	(3,808,715)
Net cash used in financing activities		**(458,173,162)**	(415,790,213)
Net decrease in cash and cash equivalents		**(97,926,077)**	(8,032,443)
Cash and cash equivalents at 01 January		**182,594,227**	190,626,670
Cash and cash equivalents at 31 December	14	**84,668,150**	182,594,227

* The comparative information is restated. See Note 39.

The notes on pages 13-57 form an integral part of these financial statements.

Notes to the financial statements
forming part of the financial statements

1. Legal status and activities

Union Coop (the "Society") is registered as a CO-Operative Society in the Emirate of Dubai via a ministerial decree No. 31/2, dated 24 May 1982, issued by the Ministry of Social Affairs and is registered with the Federal Authority under No. 12 in the Co-operative management records. The registered office address of the Society is P.O. Box 3861, Dubai, United Arab Emirates. The Society changed its name from Union Co-operative Society to Union Coop on 1 August 2016. In August 2022 the Federal Decree- Law No. 6 of 2022 on cooperative was released to govern the cooperatives in the United Arab Emirates, the law came into effect in December 2022.

The principal activity of the Society is establishing and managing hypermarkets in the United Arab Emirates ("UAE"). The purpose of incorporation of the Society is to improve the social and economic affairs of its shareholders and to serve the society by following the co-operative principles documented in the Society's Memorandum of Association and the UAE Federal Law No. 6 of 2022 pertaining to co- operative societies.

On 18 July 2022, the Society listed 100% ordinary shares on the Dubai Financial Market ("DFM" or the "Exchange"). The share capital of the Society comprises of undividable shares of AED 1 each payable in full on application to be a member of the Society. Each member is entitled to a share in the Society's share capital up to a maximum of 10%.

For each member one vote is allowed in the general assembly, regardless of the number of shares owned by a particular member.

2. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of UAE Federal Decree Law No. (6) of 2022 on cooperatives issued on 17 August 2022 and came into effect on 1 December 2022 ("the new law") which repealed UAE Federal Law No. 13 of 1976 on co-operative societies ("the old law").

The Society has adopted the new law whereas they are still in the process of updating their articles of associations which is pending the release of the Executive Regulations by the relevant authority.

Basis of measurement

These financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham ("AED"), which is Society's functional currency.

Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions about the future, that affect the application of the Society's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Society`s risk management. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in note 7.

2. Basis of preparation (continued)

Measurement of fair values

A number of Society's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Society has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Society uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Society recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business, notwithstanding the fact that the Society has accumulated losses of AED 22,569,572 (Restated 2022: accumulated profits of AED 56,692,546) on account of restatements impact as included in note 39. The continuation of the Society's business is dependent upon its future profitable operations and its ability to generate sufficient cash flows to meet its future obligations as they fall due.

The Society expects to meet its funding requirements through existing bank facilities and initiating cost rationalisation initiative through the ongoing restructuring. Furthermore, the Society has forecasted operating profits to sustain its funding requirements. A going concern assessment has performed which concluded that the Society is in a position to meet its obligation as they fall due in the foreseeable future.

3. New accounting standards or amended standards and forthcoming requirements

New and amended IFRS that are effective for the current year

The following amended standards and interpretations which are effective for annual period beginning on or after 1 January 2023 do not have any impact on the Society`s financial statements.

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from Single Transaction – Amendments to IAS 12
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

New standards and interpretations not yet effective and not early adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted, however, the Society has not early adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Society's financial statements:

Notes to the financial statements *(continued)*

3. New accounting standards or amended standards and forthcoming requirements (continued)

New standards and interpretations not yet effective and not early adopted (continued)

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities Current and Non-Current - Amendments to IAS 1
- Lease liability in a Sale and Leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Lack of exchangeability – Amendments to IAS 21
- Sale or contribution of assets between an investor and its associates or joint venture – Amendments to IFRS 10 and IAS 28

4. Material accounting policies

The Society has consistently applied the accounting policies to all the periods presented in the financial statements except if mentioned otherwise.

The Society has adopted Disclosure of Accounting Policies (Amendments to IAS 7 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Certain comparative amounts in the statement of profit or loss and OCI have been restated, reclassified or re-presented, as a result of the restatement of prior period errors or a change in classification. The impact is disclosed in note 39.

4.1 Property and equipment

Property and equipment is stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Land are not depreciated. Depreciation is computed using the straight-line method to allocate the cost of assets less their estimated residual values over their estimated useful lives, as follows:

	Years
Buildings	40
Computer hardware	5
Motor vehicles	5-7
Furniture and fixtures	4
Equipment and tools	4 - 15

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of financial position date.

Notes to the financial statements *(continued)*

4. Material accounting policies (continued)

4.1 Property and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within the statement of profit or loss and other comprehensive income.

Buildings are reclassified from property and equipment to investment property based on changes in their designated usage areas.

4.2 Investment properties

IAS 40 - Investment Property defines investment property as property (land or a building or both) held to earn rentals or for capital appreciation or both. Based on this definition, investment property held by the Society consists of part of buildings in form of shopping malls (retail and service units). These assets generate cash flows that are largely independent of the cash flows generated by the Society's other retail assets. The split is between property and equipment and investment property is based on actual usage of the assets.

Investment properties are stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the asset can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation for buildings is computed using the straight-line method to allocate the cost of assets less their estimated residual values over their estimated useful lives of 40 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within the statement of profit or loss and other comprehensive income.

Rental income from investment property is recognized as income from other operating activities on straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

4.3 Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years. Costs associated for maintaining computer software programs are recognised as an expense as incurred.

Subsequent expenditure capitalized in case of enhancement of future economic benefits or an extension of the asset's useful life.

4.4 Capital work-in-progress

Assets in the course of construction are stated at cost. When ready for use, capital work-in-progress is transferred to the relevant category within property and equipment and is depreciated on a straight-line-method over its expected useful life. Once a project is completed, management re-assesses the intended use of the completed asset. As such, the asset will be transferred into the relevant category within property and equipment or investment properties or both.

Notes to the financial statements *(continued)*

4. Material accounting policies (continued)

4.5 Impairment of non-financial assets

At each reporting date, the Society 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.

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.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value. 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 recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised 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 is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.6 Financial instruments

a) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business for which collection is expected in one year or less (or in the normal operating cycle of the business). All other financial assets and financial liabilities are initially recognised when the Society becomes a party to the contractual provisions of the instrument.

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

b) Classification and subsequent measurement

Financial assets - classification

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 FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Society 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 amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Notes to the financial statements *(continued)*

4. Material accounting policies (continued)

4.6 Financial instruments (continued)

b) Classification and subsequent measurement (continued)

Financial assets - classification (continued)

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

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

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

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. Also, refer to accounting policy for derivatives designated as hedging instruments.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

Notes to the financial statements *(continued)*

4. Material accounting policies (continued)

4.6 Financial instruments (continued)

Derecognition (continued)

Financial assets (continued)

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

Financial liabilities

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

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

Offsetting

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

Impairment

The Society recognises loss allowances for ECLs on financial assets measured at amortised cost. The Society measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

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

Loss allowances for trade and other receivables (including rent receivables) are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Society 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 Society's historical experience and informed credit assessment including forward-looking information.

The Society assess that credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

Notes to the financial statements *(continued)*

4. Material accounting policies (continued)

4.6 Financial instruments (continued)

Impairment (continued)

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the Society 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 Society expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Society assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the debtor;
- the restructuring of a loan or advance by the Society on terms that the Society would not consider otherwise;
- it is probable that the debtor 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 separate statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Society has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Society expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Society's procedures for recovery of amounts due.

4.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less variable selling expenses. Where rebates is earned relating to inventories which are held by the Society at the end of a period, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. (refer to note 4.12)

Notes to the financial statements *(continued)*

4. Material accounting policies (continued)

4.7 Inventories (continued)

The Society has the right to return or substitute the expired or slow moving good purchased from local suppliers, therefore the local inventory is not subject to losses as per the agreements with the suppliers. This is only applicable for the local suppliers' purchases; however, the imported goods are subject to inventory losses.

Rebates
The Society has agreements with suppliers whereby volume-related rebates and various other supplier benefits and discounts are received in connection with the purchase of goods. This income received from suppliers relates to adjustments to the core cost price of a product and is considered part of the purchase price for that product. Income is recognised on an accrual basis when earned by the Society and the income can be measured reliably based on the terms of the contract. For the purpose of presentation, cost of sales is shown net of rebates and purchase benefits and discounts.

Where the income earned relates to inventories which are held by the Society at the end of a period, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. The Society offsets amounts due from suppliers against amounts owed to those suppliers and only the net amount payable or receivable is recognised.

4.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as deduction from equity.

4.9 Provisions

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 period. 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 the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.10 Provision for employees' benefits

Short-term employee benefits

Short-term employee benefits (annual leave, airfare and leave passage) are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The provision relating to annual leave, airfare and leave passage is disclosed as a current liability and included in trade and other payables

4. Material accounting policies (continued)

4.10 Provision for employees' benefits (continued)

Defined benefit obligation

The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method.

Remeasurement of the defined benefit liability are recognised immediately in OCI. The Society determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit obligation are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Society recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Retirement benefit plan accrual

The Society has a retirement benefit plan for those employees who are registered in the General Pension and Social Security Authority and whose monthly salary as per labor contract exceeds a certain limit. The eligibility is subject to the employees completing one year of service. The Society has stopped accruing this benefit from 1 January 2024 and the payment will be made when the employees exit the Society.

4.11 Government grants

Government grants are recognized when there is reasonable assurance that the Society will comply with the conditions attached to the grant and that the grant will be received. Recognition is generally made when the grant is approved by the relevant government authority. Government grants are initially recognized at their nominal amount.

4.12 Revenue from contract with customers

The Society satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

i. The customer simultaneously receives and consumes the benefits provided by the Society’s performance as the Society performs; or

ii. The Society’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii. The Society’s performance does not create an asset with an alternative use to the Society and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

4. Material accounting policies (continued)

4.12 Revenue from contract with customers (continued)

The Society recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Society will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Society expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognize revenue when (or as) the entity satisfies a performance obligation.

When the Society satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

Income from sales of goods

Sales of goods – retail

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Society and are recognised at the time of checkout sales when persuasive evidence exists that the control passes from the Society to the customer satisfying the performance obligation, and the amount of revenue can be measured reliably. The payment is effected simultaneously at the time of checkout sales. Discounts are recognised as a reduction of revenue as the sales are recognized.

Loyalty Program

The Society offers the "Tamayaz" loyalty program, extending dual advantages to its customers through immediate discounts on specified items and the accumulation of rewards points. The Tamayaz loyalty program comprises two distinct categories: the "Gold card" tailored for shareholders and the "Silver card" designed for non-shareholders customers.

Under this program, customers accrue one point for every dirham spent, with the ability to redeem these points against future purchases upon reaching the 3000 (AED 50) and 4000 (AED 50) points respectively for gold and silver. Any unused loyalty points as of December 31st of each financial year will expire automatically.

When customers redeem their loyalty points, the value of the points redeemed is a form of discount that is recognized as a deduction against revenue.

Notes to the financial statements *(continued)*

4. Material accounting policies (continued)

4.12 Revenue from contract with customers (continued)

Income from sales of goods (continued)

E-Commerce

The Society operates an e-commerce platform for the sale of consumer and durable goods to its customers. Payment for online purchases typically made via credit card on platform or cash / credit card on delivery. Meeting the criteria under IFRS 15, the Society accounts for these income as a principal since it has the primary responsibility or fulfilling the promise to customers and has the price discretion. Revenue from sales transactions is recognized upon the delivery of products to customers; hence at a point in time.

Income from other operating activities

Income from shop rentals
The Society has lease agreements for shops in its various branches and malls. The Society recognises income from shop rentals in line with IFRS 16 *Leases* in its capacity as a lessor. Income is recognised over the term of the lease agreement.

Income from commission on sales from specialty department
Income from commission from rented departments is a percentage of sales, mutually agreed by the Society and the tenants and to be paid to the Society for operating the departments inside the Society branches. Income from commission from rented departments is recognised at the time the sale is made in the rented department.

Advertisement and special offers income
Advertisement and Special offers income include the income generated from various suppliers for the additional services like additional space for charts and banners and advertising on the Society`s screens provided to the suppliers for promotions and advertisement of their goods in the malls. It is recognised on a straight line basis over the term of the agreement.

Specialty department service fees
This income is generated from the cleaning and point-of-sales services provided to specialty department suppliers. It is recognized as income on a monthly basis.

Income from play areas
This income is generated from the kids` play area operations in the shopping malls. Income from play areas is recognized on usage by the customers; hence at a point in time.

Income from space management
Income from space management is the charge to suppliers for displaying goods for sale in branches. It is recognised on straight line basis over the term of the display agreement.

Supplier contribution towards promotions, listing fees and supplier registration fees
These incomes are generated from suppliers at a point in time based on the occurrence.

4.13 Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

4. Material accounting policies (continued)

4.13 Income Tax (continued)

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:

  - is not a business combination; and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences

- temporary differences related to investments in associate arrangements to the extent that the Society is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Society expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

4.14 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Society operates ('the functional currency'). The financial statements are presented in UAE Dirhams ("AED"), which is the Society's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Non-monetary assets and liabilities

Non-monetary assets and liabilities are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

4. Material accounting policies (continued)

4.15 Dividend distribution

Provision is made for the amount of any dividend declared and being appropriately authorised and no longer at the discretion of the Society, on or before the end of the reporting period but not distributed at the end of the reporting period.

4.16 Leases

(i) As a lessee

Right-of-use assets: recognition and measurement

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

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

Depreciation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Society by the end of the lease term or the cost of the right-of-use asset reflects that the Society will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset in periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities: recognition and measurement

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 Society's weighted average incremental borrowing rate.

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

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

Notes to the financial statements *(continued)*

4. Material accounting policies (continued)

4.16 Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Society's estimate of the amount expected to be payable under a residual value guarantee, if the Society 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.

Presentation
The Society presents right-of-use assets and lease liabilities separately in the statement of financial position.

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

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

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

When the Society is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Society applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Society applies IFRS 15 to allocate the consideration in the contract.
The Society regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Society recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of 'income from other operating activities'. The Society does not have any lease financing.

4.17 Profit before/after directors` remuneration and community responsibility expenses

The Society presents profit before and after directors` remuneration and community responsibility expenses to provide more transparency on operational profits.

Notes to the financial statements *(continued)*

5. Operating segments

A. Basis for segmentation

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Society that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

Information reported to the Society's Board of Directors for the purposes of resource allocation and assessment of segment performance is specifically focused on the type of business activities undertaken as a Society. For operating purposes, the Society is organised into three major business segments:

i) Retail segment: Business from operations in relation to the sale of goods at hypermarkets;
ii) E-commerce Segment: Business from the online shopping platforms of the Society; and
iii) Investment Segment: Rental business from shops in its various branches and malls.

The following table presents information regarding the Society's operating segments for the year ended 31 December 2023 (The disclosures in the tables below have been prepared using the same accounting policies as those applied to prepare the financial statements):

B. Information about reportable segments

	Retail segment AED' 000	E-commerce Segment AED' 000	Investment Segment AED' 000	Total AED' 000
2023				
Income from sales of goods	1,677,007	100,169	-	1,777,176
Income from other operating activities	436,098	6,714	146,552	589,364
Other income	6,213	1	354	6,568
Finance income	1,406	-	93	1,499
Cost of goods	(1,413,043)	(86,815)	-	(1,499,858)
Staff costs	(204,895)	(5,393)	(35,188)	(245,476)
Depreciation and amortisation expenses	(77,888)	(112)	(13,214)	(91,214)
Utilities expenses	(59,869)	-	(18,685)	(78,554)
Marketing expenses	(19,014)	(6,319)	(1,223)	(26,556)
Finance costs	(28,941)	(722)	(292)	(29,955)
Repair and maintenance expenses	(11,350)	-	(4,055)	(15,405)
Impairment loss on trade and other receivables	(10,887)	-	(9,618)	(20,505)
Other expenses	(49,982)	(370)	(12,185)	(62,537)
Reversal of impairment loss of non-financial assets	9,240	-	1,904	11,144
Impact of lease early termination	1,074	-	-	1,074
Share of profit of associate	133	-	-	133
Profit for the year	255,302	7,153	54,443	316,898

Notes to the financial statements *(continued)*

5. Operating segments (continued)

B. Information about reportable segments (continued)

	Retail segment AED' 000	E-commerce Segment AED' 000	Investment Segment AED' 000	Total AED' 000
2022 – restated*				
Income from sales of goods	1,729,287	74,016	-	1,803,303
Income from other operating activities	474,891	6,251	125,495	606,637
Other income	17,487	-	1,054	18,541
Finance income	4,476	-	245	4,721
Cost of goods	(1,426,392)	(62,255)	-	(1,488,647)
Staff costs	(245,386)	(5,180)	(6,828)	(257,394)
Depreciation and amortisation expenses	(71,001)	(120)	(10,732)	(81,853)
Utilities expenses	(52,690)	-	(16,847)	(69,537)
Marketing expenses	(22,250)	(7,531)	(1,215)	(30,996)
Finance costs	(28,759)	(462)	(385)	(29,606)
Repair and maintenance expenses	(10,620)	-	(4,066)	(14,686)
Impairment loss on trade and other receivables	(9,437)	-	(2,633)	(12,070)
Other expenses	(49,158)	(97)	(8,140)	(57,395)
Impairment loss of non-financial assets	(1,153)	-	-	(1,153)
Share of profit of associate	(1,249)			(1,249)
Profit for the year	308,046	4,622	75,948	388,616

Timing of revenue recognition

For the year ended 31 December 2023	**Retail segment AED' 000**	**E-commerce Segment AED' 000**	**Total AED' 000**
At a point in time	**1,701,132**	**106,884**	**1,781,339**
Over time	**365,721**	**-**	**365,721**
	2,066,853	**106,884**	**2,219,987**

For the year ended 31 December 2022	**Retail segment AED' 000**	**E-commerce Segment AED' 000**	**Total AED' 000**
At a point in time	1,708,824	80,267	1,789,091
Over time	405,214	-	405,214
	2,114,038	80,267	2,194,305

Revenue reported above represents revenue generated from external customers. There were no inter- segment sales during the year. All Revenue are earned in the United Arab Emirates. Allocation of expenses are determined by management for resource allocation purpose. The accounting policies of the reportable segments are the same as the Society's accounting policies described in Note 4.

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are common within the operating segments and mainly relate to retail segment with exception to investment properties that relate to investment segment.

* The comparative information is restated. See Note 39.

6. Financial risk management

The Society has exposure to the following risks arising from financial instruments:

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

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

The Board of Directors have overall responsibility for the establishment and oversight of Society's risk management framework. The Society's senior management is responsible for developing and monitoring the Society's risk management framework. The Society's senior management reports to the Board of Directors on its activities. The Society's risk management procedures are established to identify and analyse the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The procedures are reviewed regularly to reflect changes in market conditions and the Society's activities.

Credit risk

Credit risk is the risk of financial loss to the Society if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from credit exposure to customers, due from a related party and cash at banks (in current and deposit accounts).

(i) Trade and other receivables

Trade and other receivables (excluding prepaid expenses and advances to suppliers) are amounts due from customers for merchandise sold in the ordinary course of business for which collection is expected in one year or less (or in the normal operating cycle of the business). The Society's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Society establishes an allowance for impairment that represents its estimate of expected credit losses in respect of its receivables. The main component of this allowance is a specific loss component that relates to individual significant exposures, and a collective loss component established for the grouping of similar assets in respect of losses that has been incurred but not yet identified.

(ii) Due from a related party

Amounts due from a related party are considered fully recoverable by management. Considering that management has no history of default from the related party, it is not expected that it will fail to meet its obligation.

(iii) Cash at banks (in current and deposit accounts)

The Society limits its exposure to credit risk by only dealing with banks of repute.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Society's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Society maintains flexibility in funding by keeping committed credit lines available. Liquidity risk mainly relates to trade and other payables and lease liabilities

6. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as profit rates on short term deposits, will affect the Society'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.

Profit rate risk

The Society is exposed to profit rate risk on its profit-linked assets. Short-term deposits are at a fixed profit rates. The Society does not account for any fixed-rate financial assets at fair value through profit or loss. Therefore, a change in profit rates at the reporting date would not affect profit or loss.

Capital risk management

The Society's objectives when managing capital are to safeguard the Society's ability to continue as a going concern in order to provide returns to its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Society may adjust the amount of dividends paid to shareholders.

The Society does not have any debt at the statement of financial position date and hence it is not geared.

7. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Society's management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Depreciation of property, equipment and investment properties

Management assigns the useful life and the residual values of the property, equipment and investment properties based on its intended use of assets and economies of the lives of those assets. Subsequent changes in the circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual value differing from initial estimate. When the management determines that the useful life of the asset Society or the residual value of the asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life. Management has reviewed the residual values and useful lives of the major items of property, equipment and investment properties and determined that no adjustment is necessary.

Incremental borrowing rate

The Society uses its incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for specific industry credit risk.

The Society has discounted lease liabilities using incremental borrowing rates ranging from 3.3% to 5.7%.

7. Critical accounting estimates and judgements (continued)

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Impairment of non-financial assets

IFRS Accounting Standards requires management to perform impairment tests annually if events or changes in circumstances indicate that their carrying amounts may not be recoverable. Impairment testing requires management to assess whether the carrying value of assets can be supported by the higher of the net present value of future cash flows that they generate, or their fair value less costs to sell. If any such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets or cash generating units (CGU) are written down to their recoverable amount. The Company reviews its property and equipment, right-of-use assets to assess impairment at least on an annual basis.

Provision for Defined Benefit Obligations

The Society makes judgement in determining the key actuarial assumption relating to discount rate, future salary growth rate and assumptions regarding the future mortality in order to measure the employee benefit obligations as at the reporting date.

8. Property and equipment

	Land and improvements	Buildings	Computer hardware	Motor vehicles	Furniture and fixtures	Equipment and tools	Capital work-in- progress	Total
	AED	AED	AED	AED	AED	AED	AED	AED
Costs								
As previously reported	1,183,956,098	935,549,810	27,225,797	17,640,219	26,975,703	182,221,147	121,565,511	2,495,134,285
Impact of restatement (note 39)	-	(239,712,045)	-	-	-	-	-	(239,712,045)
At 01 January 2022 (restated *)	1,183,956,098	695,837,765	27,225,797	17,640,219	26,975,703	182,221,147	121,565,511	2,255,422,240
Additions	-	26,451,210	2,506,929	504,252	8,188,499	10,235,171	162,183,765	210,069,826
Transfers	-	68,917,128	232,747	-	161,998	5,392,030	(74,705,903)	(2,000)
Transfer from investment properties (Note 9)	-	182,742,810	-	-	-	-	-	182,742,810
Disposals	-	(2,006,962)	-	(1,232,450)	(204,450)	(601,607)	-	(4,045,469)
At 31 December 2022 (restated *)	1,183,956,098	971,941,951	29,965,473	16,912,021	35,121,750	197,246,741	209,043,373	2,644,187,407
Additions	78,334,921	2,180,779	2,272,346	-	4,557,246	18,209,358	104,057,503	209,612,153
Transfers	-	190,778,379	732,136	-	714,813	2,322,497	(194,567,742)	(19,917)
Transfer to investment properties (Note 9)	-	(113,332,081)	-	-	-	-	-	(113,332,081)
Disposals	-	(6,300)	(222,498)	-	(258,369)	(3,001,829)	-	(3,488,996)
At 31 December 2023	1,262,291,019	1,051,562,728	32,747,457	16,912,021	40,135,440	214,776,767	118,533,134	2,736,958,566

* The comparative information is restated. See Note 39.

8. Property and equipment

	Land and improvements AED	Buildings AED	Computer hardware AED	Motor vehicles AED	Furniture and fixtures AED	Equipment and tools AED	Capital work-in- progress AED	Total AED
Accumulated depreciation and impairment losses								
As previously reported	-	227,419,464	21,090,789	11,712,505	18,366,134	113,215,855	-	391,804,747
Impact of restatement (note 39)	248,377,810	(60,700,743)	-	-	-	-	-	187,677,067
At 01 January 2022 (restated *)	248,377,810	166,718,721	21,090,789	11,712,505	18,366,134	113,215,855	-	579,481,814
Charge for the year (Note 33)	-	21,951,449	2,439,295	1,358,895	4,921,817	14,474,964	-	45,146,420
Net impairment or reversal of impairment during the year (Note 36)	(14,370,459)	581,713	-	-	-	-	14,984,975	1,196,229
Transfer from investment property	-	56,079,578	-	-	-	-	-	56,079,578
Disposals	-	(1,046,890)	-	(1,232,450)	(199,321)	(586,374)	-	(3,065,035)
At 31 December 2022 (restated *)	234,007,351	244,284,571	23,530,084	11,838,950	23,088,630	127,104,445	14,984,975	678,839,006
Net impairment or reversal of impairment during the year (Note 36)	(21,588,473)	8,536,927	-	-	-	-	-	(13,051,546)
Transfer to investment property	-	(11,563,438)	-	-	-	-	-	(11,563,438)
Charge for the year (Note 33)	-	25,012,739	2,635,253	1,175,646	5,422,102	17,007,263	-	51,253,003
Disposals	-	(5,555)	(221,442)		(248,222)	(2,912,535)	-	(3,387,754)
At 31 December 2023	212,418,878	266,265,244	25,943,895	13,014,596	28,262,510	141,199,173	14,984,975	702,089,271
Net carrying amount								
At 31 December 2022 (restated *)	949,948,747	727,657,380	6,435,389	5,073,071	12,033,120	70,142,296	194,058,398	1,965,348,401
At 31 December 2023	**1,049,872,141**	**785,297,484**	**6,803,562**	**3,897,425**	**11,872,930**	**73,577,594**	**103,548,159**	**2,034,869,295**

* The comparative information is restated. See Note 39.

8. Property and equipment (continued)

a) Certain buildings of the Society are constructed on plots of lands granted by H.H. Ruler of Dubai. These plots of lands are recorded in the Society's books at nominal value of AED 1. The value of other plots of land carried at cost represents the value of plots purchased in Muhaisanah, Umm Suqeim, Jumeirah, Hamriya, Warqa, Al Nahda, Al Habyah First, Khawaneej in Dubai, Al Aweer First, Maydan land, Nad Al Hammar, Barsha Hessa and Al Badaa.

b) Capital work in progress primarily represents the costs incurred by the Society for construction of new shopping Centers in Silicon Oasis (completion expected in 2024), Khawaneej and Jumairah (completion expected in 2025-2026). Included in the capital work in progress amount are capitalised finance costs related to leased lands and buildings amounting to AED 4,734,070, calculated using a capitalisation rate of 3.3%.

c) As at 31 December 2023, the Society transferred buildings amounting to AED 101,768,642 from property and equipment to investment properties (2022 - AED 126,663,232 transferred from investment properties to property and equipment) (Note 9).

d) As required by IAS 36 Impairment of Assets, management carried out an impairment assessment of property and equipment as at 31 December 2023. As part of the impairment assessment, management estimated the recoverable amount of the Cash Generating Units (CGUs). The management has determined each location to be a separate CGU and considered the carrying value of land and buildings in that location as a CGU when testing for impairment as at the reporting period. For the fair value assessment in accordance with the requirement of IAS 36, the Society has determined the recoverable amount using the greater of “fair value less costs of disposal” or “value in use”. Based on the impairment assessment, the impairment of the Society’s property and equipment has been reversed by AED 13,798,146 during current year (2022: AED 13,831,902). The fair value measurement was categorised as a level 3 for lands and buildings based on the inputs in the valuation technique used. The fair value measurement was categorised as a level 3 for lands and buildings based on the inputs in the valuation technique used. The key assumptions used in the estimation of the fair value are set out below.

Asset category	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Lands	Comparable method: This method is used to form the valuer's estimate of Market Value of assets where recent transactional data are readily available. This estimate of market value was wholly determined by reference to observable prices and recent market transactions, involving comparable property assets, adjusted as appropriate to reflect properties specific factors.	Price per square meter.	Significant increases (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.
Buildings	Income capitalization method	- Market Yield (7-10%) - Vacancy allowances (5-10%) - Estimated rental value (market comparables) - Operational expenses	The fair value would increase if: - The market yields were higher, - The vacancy allowances were lower, - The Estimated rental value were higher, - Operational expenses were lower.

Notes to the financial statements *(continued)*

9. Investment properties

Shops and other areas within shopping malls, which are held for rental had been classified as investment properties.

	Buildings AED
Cost	
As previously reported	488,168,284
Impact of restatement (note 39)	193,460,431
01 January 2022 (restated *)	681,628,715
Additions	9,784,776
Transfer to property and equipment (Note 8)	(182,742,811)
Disposals	(598,922)
At 31 December 2022 (restated *)	**508,071,758**
Additions	**864,578**
Transfer from property and equipment (Note 8)	**113,332,081**
At 31 December 2023	**622,268,417**
Accumulated depreciation and impairment losses	
As previously reported	138,223,754
Impact of restatement (note 39)	77,134,343
01 January 2022 (restated *)	215,358,097
Charge for the year (Note 33)	10,731,674
Transfer to property and equipment (Note 8)	(56,079,578)
Disposals	(416,198)
Reversal of impairment loss	(43,156)
31 December 2022 (restated *)	**169,550,839**
Charge for the year (Note 33)	**13,213,902**
Transfer from property and equipment (Note 8)	**11,563,438**
Impairment for the year	**1,907,849**
31 December 2023	**196,236,028**
Net book amount	
At 31 December 2022 (restated *)	338,520,919
At 31 December 2023	**426,032,389**

Income and expenses from investment properties:

	2023 AED	2022 AED
Rental income	**149,620,374**	127,182,844

* The comparative information is restated. See Note 39.

9. Investment properties (continued)

As required by International Accounting Standard - 36 'Impairment of Assets' ("IAS 36"), management carried out an impairment assessment of investment properties as at 31 December 2023. As part of the impairment assessment, management estimated the recoverable amount of the assets. For the fair value assessment in accordance with the requirement of IAS 36, the Society has determined the recoverable amount using the greater of "fair value less costs of disposal" or "value in use". Based on the impairment assessment the Society's investment properties has been impaired by AED 1,907,849 during current year (2022: reversal of impairment amounting to AED 26,059,895).

The fair value of the investment properties as at 31 December 2023 is AED 798 million (2022: AED 715 million). The fair value of investment properties as at 31 December 2022 and 2023 has been arrived at on the basis of a valuation carried out by an external, independent property valuer. The valuer had appropriate qualifications and recent experience in the valuation of properties in the location and category of the property being valued. The valuation was performed based on market value determined in accordance with the Royal Institution of Chartered Surveyors (RICS) appraisal and valuation manual, issued by the RICS.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. There is no change in level year on year.

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Income capitalization method	- Market Yield (7-10%) - Vacancy allowances (5-10%) - Estimated rental value (market comparables) - Operational expenses	The fair value would increase if: - The market yields were higher, - The vacancy allowances were lower, - The Estimated rental value were higher, - Operational expenses were lower.

10. Intangible assets

	2023	2022
Computer software	**AED**	AED
Cost		
At 1 January	**22,716,157**	19,408,283
Additions	**3,220,095**	3,305,874
Transfer from capital work in progress (Note 8)	**19,917**	2,000
At 31 December	**25,956,170**	22,716,157
Accumulated amortisation		
At I January	**16,464,392**	13,109,345
Charge for the year (Note 33)	**4,620,445**	3,355,047
At 31 December	**21,084,837**	16,464,392
Net carrying amount		
At 31 December	**4,871,333**	6,251,765

11. Right of use asset

The right of use assets consist of leased lands on which shopping malls and its staff accommodations are constructed, leased warehouses and leased shopping malls and retail units.

	Land AED	Buildings AED	Total AED
Cost			
As previously reported	43,036,349	176,050,226	219,086,575
Impact of restatements (note 39)	56,444,244	305,556,106	362,000,350
At 01 January 2022 (restated *)	99,480,593	481,606,332	581,086,925
Additions (restated *)		2,732,500	2,732,500
Disposals	(1,317,365)	(36,019,296)	(37,336,661)
At 31 December 2022 (restated *)	98,163,228	448,319,536	531,791,873
Additions	-	24,500,144	24,500,144
Disposals	-	-	-
At 31 December 2023	**98,163,228**	**472,819,680**	**570,982,908**
Accumulated depreciation and impairment			
As previously reported	7,833,540	58,870,488	66,704,028
Impact of restatements (note 39)	3,095,817	20,327,533	23,423,350
At 01 January 2022 (restated *)	10,929,357	79,198,021	90,127,378
Charge for the year	2,471,114	20,148,856	22,619,970
Capitalised	-	(2,732,500)	(2,732,500)
Disposals	(3,830,622)	-	(3,830,622)
At 31 December 2022	9,569,849	96,614,377	106,184,226
Charge for the year	2,576,225	19,550,920	22,127,145
Capitalised	-	1,699,999	1,699,999
Disposals	-	-	-
At 31 December 2023	**12,146,074**	**117,865,296**	**130,011,370**
Net book amount			
At 31 December 2022 (restated *)	88,593,379	351,705,159	440,298,538
At 31 December 2023	**86,017,154**	**354,954,384**	**440,971,538**

The Society has properties from Government of Dubai and other entities that are renewable on different frequencies. The Society's management and board of directors are of the view that these plots of land will continue to be available to the Society based on the useful life of relevant non-movable assets. Accordingly, the renewal options are considered while assessing the lease terms.

12. Capital advances

Capital advances represents cash paid in advance to contractors for various projects not yet commenced as at the respective year ends.

* The comparative information is restated. See Note 39.

13. Investment in associate

This represents an equity investment in the Consumer Co-operative Union (CCU). The Society holds 19,800 unquoted shares for a par value of AED 100 per share (20.34%) as at 31 December 2022 and 2023.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI in the investee.

	2023 AED	2022 AED Restated*
Carrying amount	**6,013,020**	7,262,152
Share of profit/(loss) from continuing operations	**141,429**	(695,956)
Equity movement other than dividends	**(8,861)**	(553,176)
At 31 December	**6,145,588**	6,013,020

The following table summarises the financial information of CCU as included in its own financial statements.

	2023 AED	2022 AED
Percentage ownership	**20.34%**	20.34%
Non-current assets	**4,582,842**	6,957,381
Current assets	**32,210,345**	31,794,116
Non-current liabilities	**328,858**	319,705
Current liabilities	**6,248,521**	8,867,778
Net assets (100%)	**30,215,808**	29,564,014
Carrying amount of interest in associate	**6,145,588**	6,013,020
Revenue		
Profit/(Loss) from continuing operations	**695,324**	(3,421,785)
Other comprehensive income/(loss)	**-**	-
Total comprehensive income/(loss) (100%)	**695,324**	(3,421,785)
Share of the total comprehensive income/(loss)	**141,429**	(695,956)
Share of equity movements other than dividends	**(8,861)**	(553,176)
Share of profit/(loss) of associate	**132,568**	(1,249,132)

14. Inventories

	2023 AED	2022 AED
Goods for resale	**275,190,679**	262,391,921
Imported goods for sale	**5,534,770**	11,720,265
Less: impairment losses	**(3,445,670)**	(3,318,348)
	277,279,779	270,793,838
Consumables	**7,069,911**	7,123,272
Goods in transit	**1,070,480**	-
	285,420,170	277,917,110

* The comparative information is restated. See Note 39.

Notes to the financial statements *(continued)*

14. Inventories (continued)

The movement in the provision for slow moving imported inventories is as follows:

	2023 AED	2022 AED
At 1 January	**3,318,348**	1,349,183
Additions for the year	**127,322**	2,003,600
Write off for the year	**-**	(34,435)
At 31 December	**3,445,670**	3,318,348

The Society has the right to return or substitute the expired or slow moving good purchased from local suppliers, therefore the local inventory is not subject to losses as per the agreements with the suppliers. However, imported goods are subject to inventory losses and accordingly are measured at lower of cost or net realizable value.

15. Trade and other receivables

	2023 AED	2022 AED Restated *
Trade receivables	**21,812,999**	23,721,239
Rent receivables	**28,027,156**	23,207,780
Accrued income on short-term deposits	**584,762**	2,766,829
Due from a related party (refer to note 26)	**5,410,084**	3,776,344
Prepaid expenses	**6,693,891**	10,929,640
Advance to suppliers	**12,846,489**	2,226,192
Other receivables	**37,531,272**	34,985,123
	112,906,653	101,613,147
Less: Provision for impairment loss	**(38,134,903)**	(23,455,021)
	74,771,750	78,158,126

Movements on the provision for impairment loss on trade and rent receivables are as follows:

	2023 AED	2022 AED Restated *
At 1 January	**23,455,021**	11,384,719
Written-off	**(5,824,917)**	-
Charge for the year	**20,504,799**	12,070,302
At 31 December	**38,134,903**	23,455,021

16. Short-term deposits

Short-term deposits constitute investments with Islamic banks in fixed term deposits, that mature between 3-12 months from the reporting date, as follows;

Bank	**Maturity**	**Rate**	**2023 AED**	2022 AED
Dubai Islamic Bank	08/02/2024	5.5%	**70,000000**	-
Emirates Islamic Bank	03/08/2023	3.0%	**-**	50,000,000
Commercial Bank of Dubai	01/08/2023	3.25%	**-**	61,000,000
Abu Dhabi Investment Bank	01/08/2023	2.8%	**-**	50,000,000
Sharjah Islamic Bank	02/08/2023	3.3%	**-**	50,000,000
			70,000000	211,000,000

* The comparative information is restated. See Note 39.

17. Cash and cash equivalents

	2023 AED	2022 AED
Cash at bank	**82,210,398**	180,235,475
Cash on hand	**2,457,752**	2,358,752
	84,668,150	182,594,227

18. Share capital

	2023	2022
Number of shares	**1,764,138,140**	1,764,138,140
Ordinary shares in AED	**1,764,138,140**	1,764,138,140

There has been no movement in the number and value of shares in both reporting periods. On 4 July 2022, the Society exercised a share split on a ratio of one to 10, with each member receiving 10 shares for every one share owned.

19. Legal reserve

In accordance to article 44 (a) of the Society's Memorandum of Association and the requirements of UAE Federal Law No. 13 of 1976 pertaining to co-operative societies, a minimum of 20% of the net profit is allocated to a legal reserve. Such allocation may be ceased when the legal reserve equals to two times the paid-up share capital of the Society.

In accordance with the new issued Federal Decree-Law No. 6 of 2022 on cooperative (“the new law”), 10% of the profit for the year is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital. Transfers to the legal reserve have not been made during the year 2023 as a result of reaching the 50% capital rule. However, during the current year, a portion of the legal reserves amounting to AED 64,428,004 has been transferred to retained earnings (2022: AED 82,637,747), so the residual amount equals to 50% of the capital. The Society has adopted the new law before updating its Articles of Associations which is pending the release of the Executive Regulation by the relevant authority.

20. Community Responsibility

This represents the Society's responsibility for the social welfare of the community. The reserve is based on the approval allocated from the general assembly`s resolution. The allocation is determined pursuant to the Society's memorandum of association and the requirements of UAE Federal Law No. 13 of 1976 pertaining to co-operative societies and should not exceed 10% of the profit for the year. The same requirement to allocate a certain percentage to community responsibility is also applicable to the new issued Federal Decree-Law No. 6 of 2022 on cooperative.

	2023 AED	2022 AED Restated*
Community responsibility reserve allocation during the year (previously known as area development fund)	**28,029,285**	20,570,815
Community responsibility expenses	**13,285,711**	11,951,066

20. Community Responsibility (continued)

Payment made to counter-party for community responsibility expenses incurred during the current and previous years as follows;

Counter-parties	**2023 AED**	2022 AED
Supporting members of the Mohammed bin Rashid Establishment for Small and Medium Enterprises Development and the Sheikh Khalifa Fund	**7,261,606**	5,718,337
Ministry of Economy-Cooperative Sector Study Project	**-**	200,000
Sheikh Khalifa bin Zayed Al Nahyan Foundation for Humanitarian Works project	**1,129,974**	2,016,176
Dubai International Holy Quran Award	**500,000**	500,000
People of Determination Sector	**100,000**	100,000
Union Mosque	**123,500**	134,720
Silicon Oasis Mosque	**-**	359,940
Governmental and semi-governmental agencies, major institutions, charities, and public benefit associations	**351,514**	-
Salaries and bonuses for employees of people of determination	**628,862**	752,260
Salaries and bonuses for national service members	**43,005**	291,765
Mohammed Bin Rashed Al Maktoum Global Initiatives	**3,147,250**	1,877,868
	13,285,711	11,951,066

21. Treasury stock

During the current and previous year, Union Coop has not purchased any previously issued shares.

	2023	2022
Number of shares	**18,568,020**	18,568,020

22. Employees` end of service benefits

	2023 AED	2022 AED Restated *
Defined benefit obligations (refer to (a) below)	**35,807,708**	43,181,971
Retirement plan benefit accrual (refer to (b) below)	**33,918,866**	33,354,103
	69,726,574	76,536,074

(a) Movement in defined benefit obligations

The following table shows a reconciliation from the opening balances to the closing balances for the defined benefit obligations and its components.

	2023 AED	2022 AED Restated*
At 1 January	**43,181,971**	45,977,827
Included in statement of profit or loss		
Current service charges	**3,483,544**	2,598,501
Interest expenses	**1,709,540**	-
	5,193,084	2,598,501

* The comparative information is restated. See Note 39.

22. Employees` end of service benefits (continued)

	2023 AED	2022 AED Restated *
Included in other comprehensive income		
Remeasurement profit/(loss):		
- Financial assumptions	**220,969**	-
- Other sources	**2,399**	-
	223,368	-
Others		
Benefits paid	**(12,790,715)**	(5,394,357)
At 31 December	**35,807,708**	43,181,971

The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method.

(a) Actuarial assumptions

The following were the principal actuarial assumptions at reporting date:

	2023	2022
Discount rate	**4.4%**	4.6%
Future salary growth	**0.0%**	0.0%
Turnover rate	**18%**	18%
Maximum Retirement age	**60**	60

A +0.5% change in discount rate as at 31 December would change the obligation amount to AED 35,261,675 (2022: AED 42,525,035) while a -0.5% change would change the obligation amount to AED 36,375,613 (2022: AED 43,865,263).

A +0.5% increase in future salary growth would change the obligation amount to AED 36,398,109 (2022: 43,893,720).

(b) Retirement plan benefit accrual

The following table shows a reconciliation from the opening balances to the closing balances for the retirement plan benefit accrual and its components.

	2023 AED	2022 AED
At 1 January	**33,354,104**	28,648,770
Charge for the year (Note 32)	**2,997,613**	7,707,355
Payments during the year	**(2,432,851)**	(3,002,022)
At 31 December	**33,918,866**	33,354,103

23. Earnings per share

Earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Society, amounting to AED 297 million (Restated 2022: AED 370 million) by the weighted average number of shares outstanding during the year, excluding treasury shares, of 1,745,570,120 (2022: 1,745,570,120).

The Society has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

* The comparative information is restated. See Note 39.

24. Lease liability

	2023 AED	2022 AED Restated *
As previously reported	**440,750,407**	137,715,156
Impact of restatements (refer 39)	**-**	347,014,017
At 1 January (restated *)	**440,750,407**	484,729,173
Additions/disposal during the year	**24,410,283**	(33,821,705)
Interest accrued during the year	**14,562,633**	15,956,519
Adjustment during the year	**95,863**	-
Payments against lease obligations	**(27,522,036)**	(26,113,580)
At 31 December	**452,297,150**	440,750,407
Breakup is as follows:		
Current	**19,160,450**	14,829,943
Non-current	**433,136,700**	425,920,464
	452,297,150	440,750,407

Amounts recognized in profit or loss

	2023 AED	2022 AED Restated *
Interest expense on lease liabilities *(refer note 34)*	**14,562,633**	15,956,519
Depreciation charge for the year *(refer note 33)*	**22,127,145**	22,619,970
Short term and low value *(refer note 35)*	**889,345**	1,750,606

Amounts recognized in statement of cash flows

	2023 AED	2022 AED
Total financing cash outflow for lease	**27,522,036**	26,113,580

Lease payments

31 Dec 2023 In AED	**Future minimum lease payment**	**Interest**	**Present value of minimum future lease payment**
Less than one year	**34,306,813**	**15,146,363**	**19,160,450**
More than one year	**738,187,946**	**305,051,246**	**433,136,700**
Balance at 31 Dec	**772,494,759**	**320,197,609**	**452,297,150**

31 Dec 2022 (restated *) In AED	**Future minimum lease payment**	**Interest**	**Present value of minimum future lease payment**
Less than one year	29,976,306	15,146,363	14,829,943
More than one year	727,039,991	301,119,527	425,920,464
Balance at 31 Dec	757,016,297	316,265,890	440,750,407

* The comparative information is restated. See Note 39.

Notes to the financial statements *(continued)*

25. Trade and other payables

	2023 AED	2022 AED Restated *
Trade payables	**188,819,302**	221,303,464
Provision for staff expenses	**25,839,331**	49,689,457
Retentions payable	**31,858,156**	27,188,951
Due to a related party (refer to note 26)	**1,769,725**	1,804,086
Accruals	**10,771,115**	8,686,541
Unearned income	**29,559,301**	24,193,954
Other payables	**82,955,997**	68,250,298
	371,572,927	401,116,751

26. Related party transactions and balances

The Society, in the normal course of business, carries out transactions with other business entities that fall within the definition of a related party as per IAS 24. Related parties comprise the Society's directors, associates and other businesses over which the members have the ability to control or exercise significant influence over their financial and operating decisions and key management personnel.

(a) Related party transactions

During the year, the following significant transactions were carried out with related parties at mutually agreed terms and conditions:

	2023 AED	2022 AED
Purchases of goods from Consumer Co-operative Union (associate)	**18,246,232**	18,553,576
Dividend income from Consumer Co-operative Union (associate)	**-**	1,016,667
Sale of goods to Umm Al Quwain Society	**2,726,512**	5,060,835

(b) Key management remuneration excluding Board of Directors

	2023 AED	2022 AED
Salaries and short-term benefits	**16,112,555**	18,138,780
Provision for end of service benefits	**3,956,116**	7,837,272
Contribution paid to social security scheme	**450,000**	512,500

(c) Compensations to the Board of Directors

	2023 AED	2022 AED
Board of Directors' remuneration	**6,750,000**	6,750,000

(d) Related party balances

	2023 AED	2022 AED
Due from a related party		
Umm Al Quwain Market Cooperative	**5,410,084**	3,776,344
Due to a related party		
Consumer Co-operative Union (associate)	**1,769,725**	1,804,086

* The comparative information is restated. See Note 39.

Notes to the financial statements *(continued)*

27. Income from sales of goods

	2023 AED	2022 AED Restated *
Sale of goods – Retail	**1,783,722,193**	1,804,944,899
Discounts - Retail	**(106,715,644)**	(73,590,345)
	1,677,006,549	1,731,354,554
Sale of goods - E-commerce	**104,550,110**	74,226,587
Discounts - E-commerce	**(4,381,011)**	(2,278,575)
	100,169,099	71,948,012
Total sales of goods (refer to (i) below)	**1,777,175,648**	1,803,302,566

(i) This income relates to sales of goods to customers in the supermarkets and through e-commerce. Products sold are transferred at a point in time.

28. Income from other operating activities

	2023 AED	2022 AED Restated *
Income from space management (refer to (i) below)	**360,864,497**	401,031,889
Income from shop rentals (refer to (iii) below)	**146,552,919**	125,495,077
Income from commission on sales from specialty department (refer to (i) and (ii) below)	**46,251,067**	43,889,091
Listing fees (refer to (i) below)	**16,296,467**	20,252,638
Supplier contributions towards promotions (refer to (i) below)	**6,562,672**	3,540,203
Advertisements and special offers income (refer to (i) below)	**5,119,001**	6,237,960
Specialty departments service fees (refer to (i) below)	**4,856,661**	4,182,134
Income from play area (refer to (i) below)	**1,455,686**	801,642
Supplier registration fees (refer to (i) below)	**1,405,480**	1,206,335
	589,364,450	606,636,969

(i) Timing of revenue recognition

	2023 AED	2022 AED
At a point in time	**77,090,373**	75,927,869
Over time	**319,470,091**	361,324,932
	396,560,464	437,252,801

(ii) Commission on specialty departments' sales represents commission earned on sales made by specialty departments to customers. Specialty department sales amounted to AED 200,402,664 (2022: AED 195,546,637). Commission rates ranges between 20% to 25%.

(iii) Income from shop rentals are fixed as per signed lease agreements. The Society recognizes income from shop rentals in line with IFRS 16 *Leases* in its capacity as a lessor. The maturity of the lease payments is as per below:

	2023 AED	2022 AED Restated *
Less than one year	**142,497,253**	88,642,558
More than one year	**49,619,083**	53,340,246
	192,116,336	141,982,804

* The comparative information is restated. See Note 39.

Notes to the financial statements *(continued)*

29. Other income

	2023 AED	2022 AED Restated *
Gain on disposal of property and equipment and investment properties	**239,365**	142,476
Dividend income from CCU	**-**	1,016,667
Management and service fees to UAQ (refer to (i) below)	**-**	71,783
Administrative fees charged to CCU (refer to (ii) below)	**190,013**	4,633,446
Miscellaneous income	**6,138,877**	12,676,817
	6,568,255	18,541,189

(i) In 2018, Union Coop entered into an operation and management agreement with Umm Al Quwain Coop (UAQ), whereby a pre-operational service fee of 2% was charged by Union Coop on Umm Al Quwain Coop. During 2022, the Society charged a management fee of 20% of the net profits of Umm Al Quwain Coop in accordance to the agreement.

(ii) Union coop entered into agreement with Consumer Co-operative Union (CCU), whereby CCU will pay administrative fee for the sale of goods as Union coop stores. This agreement was ended in March 2023 in exchange for management services. No such agreement was entered into thereafter.

30. Finance income

	2023 AED	2022 AED
Profit on short-term deposits	**1,498,816**	4,721,374

31. Cost of goods

	2023 AED	2022 AED Restated *
Cost of goods	**1,679,443,954**	1,656,088,396
Discounts and rebates	**(179,586,273)**	(167,441,517)
	1,499,857,681	1,488,646,879

32. Staff costs

	2023 AED	2022 AED Restated *
Salaries expenses	**198,198,320**	196,046,252
Leave salary expenses	**14,805,204**	13,281,786
Gratuity expense relating to defined benefit obligations	**3,483,544**	2,598,501
Gratuity expense relating to retirement plan benefit	**2,997,613**	7,707,355
Airfare expenses	**7,760,115**	7,414,655
Pension Contribution	**11,192,819**	9,480,927
Other benefits	**7,038,275**	20,864,178
	245,475,890	257,393,654

* The comparative information is restated. See Note 39.

33. Depreciation and amortisation expenses

	2023 AED	2022 AED Restated *
Depreciation - Property and equipment	**51,253,002**	45,146,420
Depreciation – Investment properties	**13,213,902**	10,731,674
Depreciation - Right of use assets	**22,127,145**	22,619,970
Amortisation – intangible assets	**4,620,445**	3,355,047
	91,214,494	81,853,111

34. Finance costs

	2023 AED	2022 AED Restated *
Credit card charges	**13,682,656**	13,649,761
Interest expenses on defined benefit liability (note 22)	**1,709,540**	-
Interest expense accrued on lease liability (note 24)	**14,562,633**	15,956,519
	29,954,829	29,606,280

35. Other expenses

	2023 AED	2022 AED Restated *
Cleaning services	**10,934,915**	8,789,249
Consumables expenses	**5,320,669**	6,694,017
Rent expenses (refer to (i) below)	**889,345**	1,750,606
Professional fees (refer to (ii) below)	**4,731,425**	3,816,733
Transportation expenses	**2,326,906**	2,856,248
Security services	**3,084,707**	1,269,140
Insurance expenses	**11,171,776**	10,093,346
Government fees and subscription	**16,102,728**	12,404,383
Other expenses	**7,974,339**	9,721,134
	62,536,810	57,394,856

(i) All rents related to low and short term leases exempted from IFRS 16.
(ii) Professional fees include audit fees amounting to AED 704,140 (2022: AED 400,700).

36. (a) Impairment loss of non-financial assets

	2023 AED	2022 AED Restated *
Property and equipment (refer to note 8)	**-**	(1,196,229)
Investment property (refer to note 9)	**(1,907,849)**	-
	(1,907,849)	(1,196,229)

* The comparative information is restated. See Note 39.

36. (b) Reversal of impairment loss of non-financial assets

	2023 AED	2022 AED Restated *
Property and equipment (refer to note 8)	**13,051,546**	-
Investment property (refer to note 9)	**-**	43,156
	13,051,546	43,156

37. Commitments and contingencies

	2023 AED	2022 AED
Capital commitments	**91,025,625**	131,932,971
Letters of credit	**2,964,912**	9,192,365
Letters of guarantee	**2,034,958**	2,034,958
Liens	**5,865,525**	-

The Society entered into long term construction agreements related to new projects.

38. Financial instruments

(a) Financial instruments by category

	2023 AED	2022 AED Restated *
Financial assets - Amortised cost		
Trade receivables and other receivables (excluding prepayments and advance to suppliers)	**93,366,273**	88,457,315
Short-term deposits	**70,000,000**	211,000,000
Cash at bank	**82,210,398**	180,235,475
	245,576,671	479,692,790
Financial liabilities - Other financial liabilities		
Lease liabilities	**452,297,150**	440,750,407
Trade and other payables (excluding unearned income)	**342,013,626**	376,922,797
	794,310,776	817,673,204

Due to the short-term nature of the financial assets and liabilities, their carrying amount is considered to be the same as their fair value.

The carrying amounts of financial assets represent the maximum credit exposure. The Society retails on a cash basis except for limited credit customers. The maximum exposure to credit risk at the reporting date was:

	2023 AED	2022 AED Restated *
Trade and other receivables (excluding prepayments and advance to suppliers)	**93,366,273**	88,457,315
Short-term deposits	**70,000,000**	211,000,000
Cash at bank	**82,210,398**	180,235,475
	245,576,671	479,692,790

* The comparative information is restated. See Note 39.

38. Financial instruments (continued)

(a) Financial instruments by category (continued)

Impairment losses

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business for which collection is expected in one year or less (or in the normal operating cycle of the business). The exposure to credit risk on trade and other receivables is monitored on an ongoing basis by the management. The ageing of overdue invoices at the reporting date was:

	Gross 2023 AED	**Impairment 2023 AED**	Gross 2022 AED	Impairment 2022 AED
Not due	**6,795,331**	**-**	8,991,965	-
0 - 30 days overdue	**4,132,251**	**-**	8,660,871	-
30 - 180 days overdue	**37,157,267**	**-**	6,781,568	-
180 - 360 days overdue	**8,131,484**	**2,838,116**	8,004,029	-
More than 360 days overdue	**37,149,940**	**35,296,787**	56,018,882	23,455,021
Total	**93,366,273**	**38,134,903**	88,457,315	23,455,021

The movement in the allowance for impairment in respect of trade and other receivables during the current and previous years is as follows:

	2023 AED	2022 AED
At 1 January	**23,455,021**	11,384,719
Less: write-off	**(5,824,917)**	-
Add: impairment loss during the year	**20,504,799**	12,070,302
At 31 December *(refer note 15)*	**38,134,903**	23,455,021

Cash and cash equivalent and short-term deposits

Cash and cash equivalents comprise cash in hand, balances in bank current accounts and short-term deposits with maturity less than 3 months from reporting date. Short-term deposits are placed with leading local banks with maximum maturity of 12 months. Profit rates vary based on factors such as the amount deposited, the duration of the deposit, and prevailing market interest rates. The table below shows the credit quality of cash and bank balances and short-term deposits with external counterparties at the statement of financial position date:

Notes to the financial statements *(continued)*

38. Financial instruments (continued)

Impairment losses (continued)

Cash and cash equivalent and short-term deposits (continued)

	2023 AED	2022 AED
Cash at bank in current accounts with credit rating		
Al *(Moody's)*	**80,575,700**	179,393,054
A2 *(Moody's)*	**1,634,696**	841,858
A3 *(Moody's)*	**2**	405
A+ *(Fitch)*	**-**	158
Total	**82,210,398**	180,235,475
Short-term deposits with credit rating (Moody's)		
Al *(Moody's)*		
A2 *(Moody's)*	**-**	50,000,000
A3 *(Moody's)*	**70,000,000**	61,000,000
A- *(Standard & Poors)*	**-**	50,000,000
A+ *(Fitch)*	**-**	50,000,000
Total	**70,000,000**	211,000,000

(b) Liquidity risk

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

31 December 2023 In AED	**Carrying amount**	**Contractual cash outflow**	**Less than 1 year**	**More than 1 year**
Lease liability	452,297,150	772,494,759	34,306,813	738,187,946
Trade and other payables	342,013,626	342,013,626	342,013,626	-
Total liability	794,310,776	1,114,508,385	376,320,439	738,187,946

31 December 2022 (restated *) **In AED**	**Carrying amount**	**Contractual cash outflow**	**Less than 1 year**	**More than 1 year**
Lease liability	440,750,407	757,016,297	29,976,306	727,039,991
Trade and other payables	376,922,797	376,922,797	376,922,797	-
Total liability	817,673,204	1,113,939,094	406,899,103	727,039,991

39. Restatements

(a) Impairment of certain vacant lands (forming part of property and equipment)

The Society had certain vacant lands, which were classified as part of property and equipment and exhibited impairment indications. During the years ended 31 December 2022 and 31 December 2021, the management had not obtained the fair valuation reports for the years then ended. During the year ended 31 December 2023, management had obtained valuation reports for 31 December 2022 and 31 December 2021 which led to an impairment on vacant lands as at 31 December 2021 and a reversal of impairment loss during the year ended 31 December 2022. Accordingly, the management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(b) Impairment of certain buildings

The Society had certain buildings, which relate to properties that are used on dual-use basis, i.e. partially for own use and partially for rental purposes, which were classified as part of property and equipment and investment properties, respectively. During the years ended 31 December 2022 and 31 December 2021, the management had not obtained the fair valuation reports for the years then ended as required by IAS 40 *Investment Properties*. During the year ended 31 December 2023, management had obtained valuation reports for 31 December 2022 and 31 December 2021 which led to an impairment on dual-use buildings (including buildings which are classified as part of properties and equipment and investment property) as at 31 December 2021 and 31 December 2022. Accordingly, the management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(c) Error in estimating lease terms while calculating right-of-use assets and lease liabilities on initial recognition

The Society had certain lease contracts with renewable options, however the management had not considered such renewal options while assessing the lease term on initial recognition of leases as required by IFRS 16 *Leases*. During the year ended 31 December 2023, management had reassessed its lease contracts taking into consideration their ability and certainty to exercise such renewal options for the year ended 31 December 2022 and prior years. Accordingly, the management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(d) Incorrect accounting policy for investment in Consumer Co-operative Union

The Society had an investment in Consumer Co-operative Union ("CCU") as at 31 December 2022 and 2021 which was classified as financial asset at fair value through other comprehensive income, however it was measured at cost. The Society held 20.3% shareholding and had representation on the board of CCU. During the current year, the Society has revisited its classification of its investment in CCU and concluded that the Society has significant influence over CCU which resulted in reclassification of such investment to investments in equity accounted investees – associate. Accordingly, the management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(e) Incorrect capitalization of administrative expenses in capital work in progress

During 2022, the Society had incorrectly capitalized staff costs amounting to AED 14,983,605, which are not directly attributable to capital work in progress (forming part of property and equipment), relating to administrative employees, instead of expensing them as incurred in the statement of profit or loss and other comprehensive income for the year ended 31 December 2022. The management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

39. Restatements (continued)

(f) Incorrect classifications of community responsibility expenses

During the year ended 31 December 2022 and prior years, the Society had incorrectly accounted for community responsibility (previously known as area development) expenses as a reduction of retained earnings instead of expensing them as incurred in the statement of profit or loss and other comprehensive income for the respective years. In addition, part of area development expenses which was paid in excess of the approved amount by the general assembly, the management had incorrectly recognised a receivable while there was no contractual right to receive such balances from any party. The management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(g) Incorrect classifications of Directors' remuneration expenses

During the year ended 31 December 2022, the Society had incorrectly accounted for Directors' remuneration as a reduction of retained earnings instead of expensing it as incurred in the statement of profit or loss and other comprehensive income. The management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(h) Incorrect accounting policy of defined benefit obligations

During the year ended 31 December 2022 and prior years, the Society had incorrectly accounted for provision for employee benefits based on local regulations. During 2023, management has identified that part of the employee benefit is relating to defined benefit obligations which was not calculated in accordance with IAS 19 *Employee Benefits*. Accordingly, the management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(i) Reclassifications/ regrouping within statement of profit or loss and other comprehensive income

The Society has changed the presentation of the statement of profit or loss and other comprehensive income and regrouped/reclassified some income and expenses to better present the financial results for the year as permitted under the relevant standards. Major reclassification related to the income earned from space management which was initially presented as part of "cost of sales: and currently presented under Income from other operating activities.

(j) Reclassification between properties and equipment and investment properties

The Society has reclassified a portion of the carrying amount of dual-use buildings (forming part of properties and equipment and investment properties) between the respective financial statement captions based on the actual allocation of the building space between own used premises (classified within properties and equipment) and sub-leased premises (classified within investment properties).

(k) Elimination of outstanding issued cheques from capital advances

The Society has reclassified the balance of outstanding cheques which was initially recorded as part of capital advances to eliminate the gross up impact of the initial recognition of payments.

39. Restatements (continued)

The following tables summarize the impacts on the financial statements

Statement of financial position as at 1 January 2022				
	As previously reported	**Adjustments**	**Reclassifications**	**As restated**
	AED	**AED**	**AED**	**AED**
Property and equipment (refer (a), (e), (b), (j))	2,103,329,538	(294,629,425)	(132,759,687)	1,675,940,426
Investment Properties (refer (b), (j))	349,944,530	(16,433,599)	132,759,687	466,270,618
Right of use assets (refer (c))	152,382,547	338,577,000	-	490,959,547
Capital advances (refer (k))	124,966,681	-	(32,130,094)	92,836,587
Financial assets at fair value through other comprehensive income (refer (d))	500,000	(500,000)	-	-
Investment in associates (refer (d))	-	7,262,152	-	7,262,152
Other non-current assets	6,298,938	-	-	6,298,938
Non-current assets	**2,737,422,234**	**34,276,128**	**(32,130,094)**	**2,739,568,268**
Trade and other receivables (refer (i), (f))	121,983,244	(27,389,658)	36,960	94,630,546
Due from a related party (refer ((i))	36,960	-	(36,960)	-
Other current assets	832,109,193	-	-	832,109,193
Current assets	**954,129,397**	**(27,389,658)**	**-**	**926,739,739**
Retained earnings/(accumulated losses)	330,550,986	(331,923,601)	-	(1,372,615)
Other equity accounts	2,697,745,752	-	-	2,697,745,752
Equity	**3,028,296,738**	**(331,923,601)**	**-**	**2,696,373,137**
Employees' end of service benefits (refer (h))	82,830,542	(8,203,946)		74,626,596
Long-term liability (refer (k))	9,967,146		(9,967,146)	-
Lease liability (refer (c))	112,165,094	347,014,017		459,179,111
Non-current liabilities	**204,962,782**	**338,810,071**	**(9,967,146)**	**533,805,707**
Trade and other payables (refer (k))	431,250,582	-	(20,671,481)	410,579,101
Due to a related party (refer ((i))	1,491,467	-	(1,491,467)	-
Lease liability (refer (c))	25,550,062	-	-	25,550,062
Current liabilities	**458,292,111**	**-**	**(22,162,948)**	**436,129,163**

Notes to the financial statements *(continued)*

39. Restatements (continued)

Statement of financial position as at 31 December 2022				
	As previously reported	**Adjustments**	**Reclassifications**	**As restated**
	AED	**AED**	**AED**	**AED**
Property and equipment (refer (a), (b), (e), (j))	2,247,970,629	(295,911,638)	13,289,410	1,965,348,401
Investment Property (refer (b), (j))	368,200,772	(16,390,443)	(13,289,410)	338,520,919
Right of use assets (refer (c))	129,224,898	311,073,640	-	440,298,538
Capital advances (refer (k))	106,612,072	-	(13,890,646)	92,721,426
Financial assets at fair value through other comprehensive income (refer (d))	500,000	(500,000)	-	-
Investment in associates (refer (d))	-	6,013,020	-	6,013,020
Other non-current assets	6,251,765	-	-	6,251,765
Non-current assets	**2,858,760,136**	**4,284,579**	**(13,890,646)**	**2,849,154,069**
Trade and other receivables (refer (f))	90,319,898	(15,938,116)	3,776,344	78,158,126
Due from a related party	3,776,344	-	(3,776,344)	-
Other current assets	671,511,337	-	-	671,511,337
Current assets	**765,607,579**	**(15,938,116)**	**-**	**749,669,463**
Retained earnings/(accumulated losses)	396,159,993	(339,467,447)	-	56,692,546
Community responsibility reserve (refer (f))	-	8,619,749	-	8,619,749
Other equity accounts	2,615,108,005	-	-	2,615,108,005
Equity	**3,011,267,998**	**(330,847,698)**	**-**	**2,680,420,300**
Provision for employees' end of service benefits (refer (h))	84,740,020	(8,203,946)	-	76,536,074
Long-term liability (refer (k))	5,965,898	-	(5,965,898)	-
Lease liability (refer (c))	87,611,145	327,398,107	10,911,212	425,920,464
Non-current liabilities	**178,317,063**	**319,194,161**	**4,945,314**	**502,456,538**
Trade and other payables (refer ((k))	407,237,413	-	(6,120,662)	401,116,751
Due to a related party	1,804,086	-	(1,804,086)	-
Lease liability (refer (c))	25,741,155	-	(10,911,212)	14,829,943
Current liabilities	**434,782,654**	**-**	**(18,835,960)**	**415,946,694**

39. Restatements (continued)

Statement of profit or loss and other comprehensive income for the year ended 31 December 2022				
	As previously reported	**Adjustments**	**Reclassifications**	**As restated**
	AED	**AED**	**AED**	**AED**
Income from sale of goods (refer (i)	1,821,660,537	-	(18,357,971)	1,803,302,566
Income from other operating activities (refer (i))	170,185,810	-	436,451,159	606,636,969
Other income (refer (i))	27,944,616	-	(9,403,427)	18,541,189
Finance income	5,738,041	-	(1,016,667)	4,721,374
Cost of sales (refer (i))	(1,062,615,814)	-	(426,031,065)	(1,488,646,879)
Staff costs	(257,393,654)	-	-	(257,393,654)
Depreciation and amortization expenses (refer (b), (c), (e))	(87,636,547)	5,783,436	-	(81,853,111)
Utilities expenses	(69,536,632)	-	-	(69,536,632)
Marketing expenses (refer (i))	(49,353,922)	-	18,357,971	(30,995,951)
Government and subscriptions fees (refer (i))	(12,404,383)		12,404,383	-
Finance costs (refer (c))	(17,458,476)	(12,147,804)	-	(29,606,280)
Repair and maintenance	(14,686,081)	-	-	(14,686,081)
Insurance expenses (refer (i))	(10,093,346)	-	10,093,346	-
Impairment losses on trade and other receivables (refer (i))	(515,575)	-	(11,554,727)	(12,070,302)
Other expenses (refer (c))	(47,674,581)	1,222,727	(10,943,002)	(57,394,856)
Impairment loss on non-financial assets ((refer (a), (b))	-	(1,153,073)	-	(1,153,073)
Share of loss of associate (refer (d))	-	(1,249,132)	-	(1,249,132)
Profit before directors` remuneration and community responsibility expenses	**396,159,993**	**(7,543,846)**	**-**	**388,616,147**
Community responsibility expenses (refer (f))	-	(11,951,066)	-	(11,951,066)
Directors` remuneration expenses (refer (g))	-	(6,750,000)	-	(6,750,000)
Profit after directors` remuneration and community responsibility expenses	**396,159,993**	**(26,244,912)**	**-**	**369,915,081**

Statement of cashflow for the year ended 31 December 2022				
	As previously reported	**Adjustments**	**Reclassifications**	**As restated**
	AED	**AED**	**AED**	**AED**
Profit after directors` remuneration and community responsibility expenses	396,159,993	(26,244,912)	-	369,915,081
Net cash generated from operating activities	450,634,437	4,001,248	-	454,635,685
Net cash from/(used in) investing activities	(42,876,667)	4,001,248	-	(46,877,915)
Net cash used in financing activities	(415,790,213)	-	-	(415,790,213)

Notes to the financial statements *(continued)*

40. Dividend

Dividends declared to the shareholders were allocated as follows:

	2023 **AED**	2022 AED
Return on share capital	**384,025,489**	349,114,024
Return on shareholders' purchases from the Society	**41,783,223**	36,753,894
	425,808,712	385,867,918
Dividend per share	**0.24**	0.22

41. Corporate tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from January 2023, has confirmed the threshold of income over which the 9% tax rate would apply, and the Law is considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375.000. A rate of 0% will apply to taxable income not exceeding AED 375,000.

For the Society, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the year ended 31 December 2023.

The Society assessed the deferred tax implications for the year ended 31 December 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has concluded that no deferred tax asset or liability is to be recorded in the financial statements for the year ended 31 December 2023.

The Society shall continue to monitor critical Cabinet Decisions to determine the impact on the Society, from deferred tax perspective.

42. Subsequent event

No subsequent events are known that might have a material influence on the assets, liabilities, financial position and profit or loss of the Society.