

**Trolley General Trading Company W.L.L. and its subsidiaries
State of Kuwait**

**Consolidated financial statements and independent auditor's
report**

For the year ended 31 December 2023

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State of Kuwait
Consolidated financial statements and independent auditor's report
For the year ended 31 December 2023

Contents	Page
Independent auditor's report	1 - 3
Consolidated statement of financial position	4
Consolidated statement of income	5
Consolidated statement of other comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9-33



Independent auditor's report to the partners of Trolley General Trading Company W.L.L. and its subsidiaries

Report on the audit of the financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Trolley General Trading Company W.L.L. and its subsidiaries (together referred to as "the group") as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023;
- The consolidated statement of income for the year then ended;
- The consolidated statement of other comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and the Companies' Law no. 1 of 2016 and its executive regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Independent auditor's report to the partners of Trolley General Trading Company W.L.L. and its subsidiaries. (continued)

Report on the audit of the financial statements (Continued)

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

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

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

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

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

Independent auditor's report to the partners of Trolley General Trading Company W.L.L. and its subsidiaries. (continued)

Report on other legal and regulatory requirements

Furthermore, in our opinion, proper books of accounts have been kept by the parent company and the consolidated financial statements are in accordance therewith. We further report that we obtained all information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law no. 1 of 2016, its executive regulations and by the parent company's articles of incorporation, that an inventory count was duly carried out, and that to the best of our knowledge and belief, no violations of the Companies Law no. 1 of 2016, its executive regulations nor of the parent company's articles of incorporation have occurred during the year ended 31 December 2023 that might have had a material effect on the business of the group or on its consolidated financial position.




Khalid Ebrahim Al-Shatti
License No. 175
PricewaterhouseCoopers (Al-Shatti & Co.)

30 July 2024
Kuwait

Trolley General Trading Company W.L.L. and its subsidiaries
State of Kuwait

Consolidated statement of financial position
(All amounts in Kuwaiti Dinars unless otherwise stated)

	Note	As at 31 December	
		2023	2022
Assets			
Non-current assets			
Property and equipment	5	5,055,911	2,613,078
Intangible assets	6	2,846,370	3,089,468
Goodwill	7	923,408	923,408
Right-of-use assets	8	15,060,937	13,977,977
		23,886,626	20,603,931
Current assets			
Inventories	9	6,320,478	4,453,749
Trade and other receivables	10	2,360,134	1,915,418
Due from related parties	15	12,241,758	12,523,653
Cash and bank balances	11	2,919,422	4,092,350
		23,841,792	22,985,170
Total assets		47,728,418	43,589,101
Equity			
Share capital	12	2,000,000	2,000,000
Statutory reserve	13	1,877,975	1,877,975
Voluntary reserve	14	1,456,632	1,456,632
Foreign Currency translation reserve		(2,997)	(27)
Retained earnings		9,359,874	9,803,895
Total equity		14,691,484	15,138,475
Liabilities			
Non current liabilities			
Employees' end-of-service benefits		371,939	460,332
Lease liabilities	8	12,011,349	10,880,262
		12,383,288	11,340,594
Current liabilities			
Lease liabilities	8	3,455,136	3,504,482
Loans	16	3,928,365	2,456,000
Due to a related party	15	-	148,020
Trade and other payables	17	13,270,145	11,001,530
		20,653,646	17,110,032
Total liabilities		33,036,934	28,450,626
Total equity and liabilities		47,728,418	43,589,101


 Faisal Yaqoub Abdallah Boodai
 Owner



The notes on pages 9 to 33 form an integral part of this consolidated financial statements.

Consolidated statement of income

(All amounts in Kuwaiti Dinars unless otherwise stated)

	Note	For the year ended 31 December	
		2023	2022
Revenue	18	68,991,780	68,396,582
Cost of revenue		(45,840,150)	(46,783,848)
Gross profit		23,151,630	21,612,734
Expenses			
Staff costs		(5,066,002)	(4,522,251)
General and administrative expenses	19	(3,919,126)	(3,609,771)
Marketing expenses		(556,465)	(561,325)
Depreciation and amortization	5,6,&8	(5,478,267)	(3,993,709)
Finance costs		(874,261)	(590,038)
Total expenses		(15,894,121)	13,277,094
Net operating profit		7,257,509	8,335,640
Other income	20	298,470	142,258
Net profit for the year		7,555,979	8,477,898

Consolidated statement of other comprehensive income
(All amounts in Kuwaiti Dinars unless otherwise stated)

	Note	For the year ended 31 December	
		2023	2022
Net profit for the year		7,555,979	8,477,898
Other comprehensive income			
Items that are or may be reclassified to <i>consolidated statement of income</i>			
Foreign currency translation differences		(2,970)	335
		(2,970)	335
Items that will not be reclassified to consolidated statement of income			
Equity investments at FVOCI – net change in fair value		-	7,884
		-	7,884
Other comprehensive (loss)/income for the year		(2,970)	8,219
Total comprehensive income for the year		7,553,009	8,486,117

Consolidated statement of changes in equity
(All amounts in Kuwaiti Dinars unless otherwise stated)

	Share capital	Statutory Reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2022	2,000,000	1,877,975	1,456,632	(362)	(48,290)	10,366,403	15,652,358
Total comprehensive income for the year	-	-	-	-	-	8,477,898	8,477,898
Profit for the year	-	-	-	-	-	-	-
<i>Other comprehensive income</i>	-	-	-	335	-	-	335
Foreign currency translation	-	-	-	-	-	-	-
Equity investments – net change in fair value	-	-	-	-	7,884	-	7,884
Total other comprehensive income	-	-	-	335	7,884	-	8,219
Total comprehensive income for the year	-	-	-	335	7,884	8,477,898	8,486,117
Loss on derecognition of equity investments at FVOCI reclassified to retained earnings	-	-	-	-	40,406	(40,406)	-
Dividends (note 12)	-	-	-	-	-	(9,000,000)	(9,000,000)
Balance at 31 December 2022	2,000,000	1,877,975	1,456,632	(27)	-	9,803,895	15,138,475
Total comprehensive income for the year	-	-	-	-	-	7,555,979	7,555,979
Profit for the year	-	-	-	-	-	-	-
<i>Other comprehensive income</i>	-	-	-	(2,970)	-	-	(2,970)
Foreign currency translation	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	(2,970)	-	7,555,979	7,553,009
Total comprehensive income for the year	-	-	-	(2,970)	-	(8,000,000)	(8,000,000)
Dividends (note 12)	-	-	-	-	-	-	-
Balance at 31 December 2023	2,000,000	1,877,975	1,456,632	(2,997)	-	9,359,874	14,691,484

Consolidated statement of cash flows
(All amounts in Kuwaiti Dinars unless otherwise stated)

	Note	For the year ended 31 December	
		2023	2022
Cash flows from operating activities:			
Profit for the year		7,555,979	8,477,898
Adjustments for:			
Depreciation and amortization	5, 6 & 8	5,478,267	3,993,709
Gain on cancellation of right of use assets		(8,460)	(6,045)
Loss on sale and write off of property and equipment		2,609	-
Finance costs		874,261	590,038
Provision for end of service indemnity		153,307	145,119
		<u>14,055,963</u>	<u>13,200,719</u>
Changes in:			
Inventories		(1,866,729)	(955,050)
Trade and other receivables		(444,716)	(1,433,168)
Due from related parties		72,441	(2,363,099)
Due to a related party		(148,020)	134,855
Trade and other payables		2,268,615	4,412,357
Cash generated from operating activities		<u>13,937,554</u>	<u>12,996,614</u>
Provision for end of service indemnity paid		(32,321)	(30,299)
Net cash generated from operating activities		<u>13,905,233</u>	<u>12,966,315</u>
Cash flows from investing activities:			
Acquisition of property and equipment	5	(3,176,310)	(1,285,180)
Acquisition of intangible assets	6	(196,456)	(354,361)
Proceed from sale of equity investments at FVOCI		-	64,164
Net cash used in investing activities		<u>(3,372,766)</u>	<u>(1,575,377)</u>
Cash flows from financing activities:			
Payment of lease liabilities	8	(5,006,139)	(3,379,388)
Proceeds from new loan	16	3,074,750	2,500,000
Repayments of loan	16	(1,602,385)	(2,516,555)
Dividend paid	12	(8,000,000)	(9,000,000)
Finance costs paid		(162,985)	(83,895)
Net cash used in financing activities		<u>(11,696,759)</u>	<u>(12,479,838)</u>
Net decrease in cash and bank balances		<u>(1,164,292)</u>	<u>(1,088,900)</u>
Cash and bank balances at beginning of the year		4,092,350	5,182,220
Net foreign exchange differences		(8,636)	(970)
Cash and bank balances at end of the year	11	<u>2,919,422</u>	<u>4,092,350</u>
Non-cash transactions:			
Right-of-use assets – additions		(6,096,975)	(10,239,590)
Lease liabilities – additions		6,096,975	10,239,590
Right-of-use assets – cancellation		717,052	195,235
Lease liabilities – cancellation		(725,512)	(201,280)
Due from related parties		209,454	-
Employees' end-of-service benefits		(209,454)	-

The notes on pages 9 to 33 form an integral part of this consolidated financial statements.

Notes to the consolidated financial statements

(All amounts in Kuwaiti Dinars unless otherwise stated)

1 GENERAL INFORMATION

Trolley General Trading Company W.L.L. is a Kuwaiti limited liability company incorporated in the State of Kuwait on 9 December 2010 under commercial registration number 336964, dated 9 December 2010.

The group's registered office is located at KBT Tower, Khalid Bin Waleed Street, Sharq, State of Kuwait.

The group is engaged in general trading, supermarkets and grocery business.

The total number of stores of the group as at 31 December 2023 was 115 (2022: 104).

The total number of employees of the group as at 31 December 2023 was 967 (2022: 817).

The consolidated financial statements comprise of the Company and its subsidiaries (together referred to as "the Group" and individually "the Group entity").

The Group is operating under the brand "Trolley" and "BAQALA" and is engaged in grocery business with multiple outlets within State of Kuwait.

A list of significant directly owned subsidiaries are as follows:

Name of entities:	Country of incorporation	Percentage of ownership		Principal activities
		2023	2022	
Bodega Grocery Company W.L.L.	Kuwait	99%	99%	Grocery business
Arabanh General Trading Company S.P.C.	Kingdom of Saudi Arabia	100%	100%	Grocery business

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

(i) Compliance with IFRS Accounting Standards

The financial statements have been prepared in accordance with IFRS Accounting Standards and the Companies' Law no. 1 of 2016 and its executive regulations. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through consolidated statement of income.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the group:

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17 Insurance Contracts.
- Definition of Accounting Estimates – amendments to IAS 8.
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations issued but not yet adopted by the group:

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Group.

2.2 Basis of consolidation

(a) Subsidiaries

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

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

(a) Subsidiaries (Continued)

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- Fair values of the assets transferred,
- Liabilities incurred to the former owners of the acquired business,
- Equity interests issued by the group,
- Fair value of any asset or liability resulting from a contingent consideration arrangement, and
- Fair value of any pre-existing equity interest in the subsidiary.

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

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statement of income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated statement of income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

(b) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated statement of income.

2.3 Foreign currencies translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the group operates ("the functional currency"). The consolidated financial statements are presented in Kuwaiti Dinars (KD) which is the group'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 consolidated statement of income.

2.4 Property and equipment

Equipment is stated at historical cost less depreciation and any accumulated impairment losses. 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 group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of income during the financial period in which they are incurred.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Motor vehicle	5 years
Furniture, fixtures and decorations	5 years
Office equipment	5 years
Other equipment	5 years
Building improvements	10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at least at the end of each reporting period. 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 (if any) are determined by comparing the proceeds with the carrying amounts and are recognised in the consolidated statement of income.

2.5 Intangible assets

Intangible assets are Key money, computer software, trademarks, and licenses that are initially recognized at cost. Following initial recognition, trademarks are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income.

2.6 Leases

The group leases its offices and warehouses from different lessors. Rental contract is made for a fixed period of 1 to 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by group companies, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Payments associated with short-term leases of office and warehouse and all leases of low-value assets are recognised on a straight-line basis as an expense in consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Goodwill

Goodwill arising on the acquisition of a subsidiary is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the consideration transferred over the net fair value of the identifiable net assets recognised.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the consideration transferred, the excess is recognised immediately in the consolidated statement of income as a bargain purchase gain.

Any goodwill that arises is tested annually for impairment. Any impairment charge or reversal is recognised in the consolidated statement of income.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value, after providing for obsolete and slow-moving inventory items. Cost is determined using the weighted average cost method. The cost of finished goods includes the purchase price, direct labour and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

2.10 Financial assets

2.10.1 Classification

The group classifies its financial assets as those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The group reclassifies debt investments when and only when its business model for managing those assets changes. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets.

2.10.2 Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

2.10.3 Measurement (continued)

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments:

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in the consolidated statement of income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of income. Impairment losses are presented in the consolidated statement of income. Financial assets at amortised cost comprise of "trade and other receivables", "amount due from a related party" and "cash and bank balances".

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade and other receivables are recognised initially at fair value. The group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

Cash and bank balances

Cash and bank balances include cash on hand and current accounts that are held with local financial institutions.

2.10.4 Impairment of financial assets

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. (Note 3.1. (b) (iii)).

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Employees' end of service benefits

The group is liable under Kuwaiti Labour Law, to make payments to the employees for post-employment benefits through defined benefits plan. Such payment is made on a lump sum basis at the end of an employee's service. This liability is unfunded and is computed as the amount payable as a result of involuntary termination of the group's employees on the reporting date. The group expects this method to produce a reliable approximation of the present value of this obligation. With respect to its national employees, the group makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries. The group's obligations are limited to these contributions, which are expensed when due.

2.12 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the group. All financial liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition the financial liabilities are subsequently measured at amortised cost using the effective interest method. The group's financial liabilities consist of "loans", "amount due to a related party", "trade and other payables" and "lease liabilities". The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they have expired.

(a) Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the loan using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(b) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

2.13 Provisions

Provisions are recognised when the group 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.

Notes to the consolidated financial statements

(All amounts in Kuwaiti Dinars unless otherwise stated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Provisions (continued)

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 the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as expenses.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

2.15 Revenue recognition

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowance, net of trade discounts and volume rebates. Revenue is recognised at a point in time when the performance obligations of the sale have been fulfilled and control of the goods has transferred to the customers.

Additionally, this is in accordance with the guidance of applicable financial reporting framework addressing reporting revenue on a gross basis as a principal versus on a net basis as an agent. Revenue from sale of goods is recorded on a gross basis since the Group controls the goods before they are transferred to the customers and also bear the primary responsibility of providing specified goods along with the risk of inventory since the Group is liable for damages of inventory in its possession before sale to the end customer as a parent.

(ii) Rental income

Rental income from shelves is recognised as revenue on a straight-line basis over the term of the sub lease.

2.16 Finance costs

Finance costs are calculated on the accrual basis and are recognised in the consolidated statement of income in the year in which they are incurred.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out by the group's finance department as approved by the group's partners.

(a) Market risk

(i) Foreign currency risk

The group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign currency risk arises when future commercial transactions or recognised assets and liabilities that are denominated in a currency that is not the functional currency of the entity.

The group manages its foreign currency risk by regularly assessing current and expected foreign currency rate movements and group's foreign currency exposure.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments.

The group is exposed to interest rate risk with respect to its term loans, lease liabilities and notes payable.

If interest rates had been 1% higher/lower with all other variables held constant, results for the year and equity would not have been significantly changed.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Credit risk

(i) Risk management

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's financial assets.

Credit risk arises from bank balances and amount due from a related party as well as credit exposures to customers, including outstanding receivables.

For banks and financial institutions, only independently highly rated parties are accepted.

Since there is no independent rating for customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

(ii) Security

It is not the practice of the group to obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The group seeks to limit its credit risk with respect to receivables by setting credit limits for customers and monitoring outstanding receivables before standard payment and delivery terms and conditions are offered. Normal credit terms for customers are up to three months.

(iii) Impairment of financial assets

The group has established a provision matrix that is based on the group's historical credit loss experience, and further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group.

The carrying amount of financial assets represents the maximum credit exposure. The maximum net exposure to credit risk by class of assets at the reporting date is as follows:

	As at 31 December	
	2023	2022
Cash at banks	2,391,354	3,529,696
Trade and other receivables (excluding advances and prepayments)	1,412,554	468,371
Due from related parties	12,241,758	12,523,653
	16,045,666	16,521,720

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group aims to maintain the support from the partners and related parties.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the below tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position.

2023	Carrying value	One year or less	One to five years	Total
Financial liabilities				
Lease liabilities	15,466,485	12,993,602	4,060,564	17,054,166
Loans	3,928,365	4,105,141	-	4,105,141
Trade and other payables	13,270,145	13,270,145	-	13,270,145
	<u>32,664,995</u>	<u>30,368,888</u>	<u>4,060,564</u>	<u>34,429,452</u>
2022	Carrying value	One year or less	One to five years	Total
Financial liabilities				
Lease liabilities	14,384,744	4,174,415	12,004,190	16,178,605
Trade and other payables	11,001,530	11,496,599	-	11,496,599
Loans	2,456,000	2,456,000	-	2,456,000
Due to a related party	148,020	148,020	-	148,020
	<u>27,990,294</u>	<u>18,275,034</u>	<u>12,004,190</u>	<u>30,279,224</u>

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide returns and benefits for the partners and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of distributions to partners, increase capital or sell assets to reduce debt.

Consistent with others in the industry, the partners monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as loans (which includes term loan, tawarruq payable, murabaha payable and bank overdraft) less bank balances and cash. Total capital is calculated as "equity" as shown in the statement of financial position, plus net debt.

	As at 31 December	
	2023	2022
Loans	3,928,365	2,456,000
Lease Liability	15,466,485	14,384,744
Cash and bank balances	(2,919,422)	(4,092,350)
Net debt	16,475,428	12,748,394
Equity	14,691,484	15,138,475
Total capital	31,166,912	27,886,869
Gearing ratio	53%	46%

3.3 Fair value estimate

The carrying value of financial assets and liabilities carried at amortised cost approximates fair value.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

4 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.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Write-down and provision for obsolete and slow-moving items

Inventories are held at the lower of cost and net realisable value. When inventories become old, obsolete or their selling prices decline, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence based on historical selling prices. In 2023, write-downs of inventories to net realisable value amounted to KD 10,239 (2022: KD 24,435).

(b) Critical judgment in determining lease terms

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).

(c) Goodwill

The recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

5 PROPERTY AND EQUIPMENT

	Motor vehicle	Furniture, fixtures, and decorations	Office equipment	Other equipment	Building improvements	Work in progress	Total
As at 1 January 2022							
Cost	138,870	3,084,591	102,878	538,903	-	232,320	4,097,562
Accumulated depreciation	(106,455)	(1,473,286)	(71,622)	(254,547)	-	-	(1,905,910)
	32,415	1,611,305	31,256	284,356	-	232,320	2,191,652
As at 31 December 2022							
Opening net book amount	32,415	1,611,305	31,256	284,356	-	232,320	2,191,652
Additions	48,550	587,064	1,626	152,610	-	495,330	1,285,180
Write offs	(45,300)	(116,441)	(3,118)	(72,185)	-	-	(237,044)
Transfers	-	140,335	-	17,748	-	(158,083)	-
Transfer to intangible asset	-	-	-	-	-	(213,572)	(213,572)
Reclassification - cost	9,200	(9,200)	(11,200)	7,687	-	3,513	-
Disposals	-	-	-	(140)	-	-	(140)
Effect of foreign currency translation - cost	30	-	2	99	-	1,200	1,331
Depreciation charge	(13,512)	(527,432)	(12,756)	(97,802)	-	-	(651,502)
Relating to write offs	45,300	116,441	3,118	72,185	-	-	237,044
Reclassification - accumulated depreciation	(1,835)	12,685	8,679	(19,529)	-	-	-
Relating to disposals	-	-	-	140	-	-	140
Effect of foreign currency translation - accumulated depreciation	(2)	-	-	(9)	-	-	(11)
Closing net book amount	74,846	1,814,757	17,607	345,160	-	360,708	2,613,078
As at 31 December 2022							
Cost	151,350	3,686,349	90,188	644,722	-	360,708	4,933,317
Accumulated depreciation	(76,504)	(1,871,592)	(72,581)	(299,562)	-	-	(2,320,239)
	74,846	1,814,757	17,607	345,160	-	360,708	2,613,078
Year ended 31 December 2023							
Opening net book amount	74,846	1,814,757	17,607	345,160	-	360,708	2,613,078
Additions	134,335	442,616	1,363	791,938	1,535,018	271,040	3,176,310
Write offs	-	(90,581)	-	-	-	-	(90,581)
Transfers	-	(2,068,087)	-	64,956	506,123	(571,079)	-
Reclassification - cost	(885)	-	-	(100)	2,068,087	-	-
Disposals	86	211	1	1,917	-	527	(885)
Effect of foreign currency translation - cost	(30,416)	(243,475)	(8,838)	(192,345)	(260,751)	-	(735,825)
Depreciation charge	-	88,448	-	-	-	-	88,448
Relating to write offs	-	816,102	-	-	(816,102)	-	-
Reclassification - accumulated depreciation	414	-	-	95	-	-	509
Relating to disposals	(8)	(17)	(1)	(206)	(155)	-	(382)
Effect of foreign currency translation - accumulated depreciation	-	-	-	-	-	-	-
Closing net book amount	178,372	759,979	10,132	1,011,415	3,034,817	61,196	5,055,911
As at 31 December 2023							
Cost	284,886	1,970,508	91,552	1,503,433	4,111,825	61,196	8,023,400
Accumulated depreciation	(106,514)	(1,210,529)	(81,420)	(497,018)	(1,077,008)	-	(2,967,489)
	178,372	759,979	10,132	1,011,415	3,034,817	61,196	5,055,911

Trolley General Trading Company W.L.L. and its subsidiaries
State of Kuwait

Notes to the consolidated financial statements

(All amounts in Kuwaiti Dinars unless otherwise stated)

6 INTANGIBLE ASSET

	Key money	Computer software	Brand name	Licenses	Trade name	Total
As at 1 January 2022						
Cost	1,062,200	1,232,757	1,277,713	-	91,035	3,663,705
Accumulated amortization	(393,187)	(100,588)	(298,133)	-	-	(791,908)
	669,013	1,132,169	979,580	-	91,035	2,871,797
As at 31 December 2022						
Opening net book amount	669,013	1,132,169	979,580	-	91,035	2,871,797
Additions	-	-	-	350,659	3,702	354,361
Transfer from property and equipment	20,000	193,571	-	-	-	213,572
Effect of foreign currency translation - cost	-	-	-	-	710	710
Amortization	(91,630)	(122,324)	(127,771)	-	(9,195)	(350,920)
Effect of foreign currency translation - amortisation	-	-	-	-	(52)	(52)
Closing net book amount	597,383	1,203,416	851,809	350,659	86,200	3,089,468
As at 31 December 2022						
Cost	1,082,200	1,426,328	1,277,713	350,659	95,447	4,232,348
Accumulated amortization	(484,817)	(222,912)	(425,904)	-	(9,247)	(1,142,880)
	597,383	1,203,416	851,809	350,659	86,200	3,089,468
Year ended 31 December 2023						
Opening net book amount	597,383	1,203,416	851,809	350,659	86,200	3,089,468
Additions	55,000	134,087	-	7,369	-	196,456
Effect of foreign currency translation - cost	-	150	-	-	451	601
Amortization	(91,792)	(146,190)	(127,772)	(65,127)	(9,195)	(440,076)
Effect of foreign currency translation - amortisation	-	(9)	-	-	(70)	(79)
Closing net book amount	560,591	1,191,454	724,037	292,901	77,386	2,846,370
As at 31 December 2023						
Cost	1,137,200	1,560,565	1,277,713	358,028	95,898	4,429,405
Accumulated amortization	(576,609)	(369,111)	(553,676)	(65,127)	(18,512)	(1,583,035)
	560,591	1,191,454	724,037	292,901	77,386	2,846,370

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

7 GOODWILL

At the reporting date, the carrying value of the goodwill amounting to KD 923,408 (2022: KD 923,408) pertains to Group's investments in Bodega Grocery Company W.L.L. (BAQALA).

A cash-generating unit ("CGU") or group of CGUs, to which goodwill has been allocated is tested for impairment annually, or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. The carrying value of goodwill is assessed by reference to its value in use to perpetuity reflecting the projected cash flows of the CGU, based on the income approach (DCF approach).

These projections are based on the most recent budget approved by the owners covering a five-year period and have been extrapolated using a steady terminal growth rate. Long-term growth rates for periods not covered by the budget reflects the products in which the CGU, operate. Terminal growth rate based on the long-term forecast of 2% (2022: 2.20%) is used to estimate the recoverable amount of this cash generating unit.

The discount rate applied to cash flow projections is 10.36% (2022: 11.20%). The discount rate was estimated based on risk free rate being long term Kuwaiti bond rate, an equity risk premium of 5.9% to compensate for the additional expected return an investor demands to hold equities of average risk over a risk free investment, an unlevered beta of 0.57 applicable to Retail sector, the Group specific risk premium and the expected capital structure of the Group.

The Group has performed an analysis by varying these input factors by a reasonably possible margin and assessing whether the change in input factors result in any of the goodwill allocated to appropriate cash generating units being impaired. The estimated recoverable amount of the CGU exceeded its carrying amount by approximately KD 1.85 million (2022: KD 2.74 million) Based on the above analysis, management has not recognised an impairment for the year ended 31 December 2023 (2022: KD Nil) in relation to goodwill.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

8 LEASES

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

Right-of-use assets	As at 31 December	
	2023	2022
Balance at 1 January	13,977,977	6,924,909
Additions*	6,096,975	10,239,590
Depreciation	(4,302,366)	(2,991,287)
Cancellation	(717,052)	(195,235)
Effect of foreign currency translation	5,403	-
Balance at 31 December	15,060,937	13,977,977

Lease liabilities	As at 31 December	
	2023	2022
Balance at 1 January	14,384,744	7,219,679
Additions*	6,096,975	10,239,590
Finance costs	711,276	506,143
Lease liabilities paid	(5,006,139)	(3,379,388)
Cancellation	(725,512)	(201,280)
Effect of foreign currency translation	5,141	-
Balance at 31 December	15,466,485	14,384,744

Additions during the year amounted to KD 6,096,975 (2022: KD 10,239,590) representing the new stores locations and warehouse rented during the year.

	As at 31 December	
	2023	2022
Non-current liabilities	12,011,349	10,880,262
Current liabilities	3,455,136	3,504,482
	15,466,485	14,384,744

The incremental borrowing rate used for 2023 was 4.75% to 6.5% (2022: 4.75%)

Amounts recognised in consolidated statement of income and consolidated statements of cashflow:

Consolidated statement of income	As at 31 December	
	2023	2022
Depreciation	4,302,366	2,991,287
Interest	711,276	506,143
Gain on cancellation of right-of-use assets	8,460	6,045

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

8 LEASES (continued)

Consolidated statement of cashflow	As at 31 December	
	2023	2022
Payment of lease liabilities	5,006,139	3,379,388

9 INVENTORIES

	As at 31 December	
	2023	2022
Goods for resale	6,320,478	4,453,749

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
Trade receivables	220,323	128,497
Refundable deposits	331,837	242,502
Advances to suppliers	521,915	696,520
Prepaid expenses	425,665	750,527
Others	860,394	97,372
	2,360,134	1,915,418

11 CASH AND BANK BALANCES

	As at 31 December	
	2023	2022
Cash on hand	528,068	562,654
Cash at banks	2,391,354	3,529,696
	2,919,422	4,092,350

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

12 SHARE CAPITAL

The authorized, issued and fully paid up share capital comprises 100 shares of KD 20,000 each in cash (2022: 100 authorized, issued and fully paid up shares of KD 20,000 each).

	2023		2022	
	No. of shares	Amount	No. of shares	Amount
Yaqoub Abdullah Boodai Holding Company W.L.L.	85	1,700,000	85	1,700,000
Meshary Boodai and Partners United Holding Company W.L.L.	15	300,000	15	300,000
	<u>100</u>	<u>2,000,000</u>	<u>100</u>	<u>2,000,000</u>

Dividend

On 6 September 2023, the partners approved to distribute dividend of KD 80,000 per share amounting to KD 8,000,000 for the year ended 31 December 2022 (2022: KD 90,000 per share amounting to KD 9,000,000 for the year ended 31 December 2021).

13 STATUTORY RESERVE

In accordance with the Companies Law No. 1 of 2016 and the Company's Articles of Association, 10% of the profit for the year, is required to be transferred to the statutory reserve until the reserve totals 50% of the paid up share capital. Distribution of this reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

No transfer has been made in the current year as the statutory reserve has exceeded 50% of the paid-up share capital.

14 VOLUNTARY RESERVE

As per the Company's Articles of Association, 10% of the net profit for the year is required to be transferred to the voluntary reserve. Such annual transfers can be discontinued by a resolution of Owners in the annual general assembly. There are no restrictions on the distribution of the voluntary reserve.

No transfer has been made in the current year as the Owners discontinued such transfer in their annual general assembly meeting dated 31 July 2023.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

15 RELATED PARTIES

Related parties include the Owners and executive officers of the Group,, close members of their families and companies of which they are the principal owners or over which they are able to exercise significant influence.

Related party balances reflected in the statement of financial position are unsecured and neither bear any interest nor there are any agreed repayment terms. Accordingly, these balances are treated as recoverable/ payable on demand.

Significant related party balances and transactions other than the one disclosed elsewhere in these financial statements are as follows:

Related party balances	As at 31 December	
	2023	2022
Due from related parties		
Trolley Real Estate Company W.L.L. – affiliate	2,196	-
AE Retail Company WL.L. – affiliate	2,636	-
Yaqoub Abdullah Boodai Holding Company W.L.L. (The Parent)	10,388,387	11,927,391
Meshary Boodai and Partners United Holding Company (Key Shareholder)	1,834,879	492,129
Prime Restaurant Management Company W.L.L. (Sister Company)	13,660	104,133
	12,241,758	12,523,653
Due to a related party		
Trolley Real Estate Company W.L.L. (Sister Company)	-	148,020
	-	148,020

There have been no significant transactions with the related parties during the year ended 31 December 2023 and 31 December 2022, apart from the withdrawals made by the owners of the group, that have been included in amounts due from related parties.

Related party transactions	As at 31 December	
	2023	2022
Key management personnel compensations		
Short-term employee benefits	-	240,000
Post employee benefits	-	10,450

In 2023, The key management personnel compensation costs were allocated to the parent company, Yaqoub Abdullah Boodai Holding Company W.L.L.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

16 LOANS

	As at 31 December	
	2023	2022
Loan 1 – murabaha payable	875,961	956,000
Loan 2 – term loan	-	1,000,000
Loan 3 – term loan	-	500,000
Loan 4 – tawarruq payable	3,052,404	-
	<u>3,928,365</u>	<u>2,456,000</u>

The movement in the loans was as follows:

	As at 31 December	
	2023	2022
Opening Balance	2,456,000	2,472,555
Proceeds from new loan	3,074,750	2,500,000
Repayment of loan	(1,602,385)	(2,516,555)
Closing balance	<u>3,928,365</u>	<u>2,456,000</u>

In December 2020, the Group secured a short-term loan facility amounting to KD 1,957,956 which was repayable in 6 months through a bullet payment. The Group made a part settlement during the year 2021 and the remaining balance KD 1,472,555 was renewed as a new loan which was repayable on 11 June 2022 through a bullet payment. After making another partial payment of the loan during 2022, the Group renewed the remaining loan facility of KD 956,000 for another 12 months till 11 June 2023. After making another partial payment of the loan during 2023, the Group renewed the remaining loan facility of KD 875,961 for another 12 months till 9 June 2024. The facility has been settled in June 2024.

In November 2022, the Group secured a new short-term loan facility amounting to KD 1,000,000 from a foreign Islamic branch of a local bank. The loan is repayable on 12 February 2023 through bullet payment. The facility has been renewed till 1 September 2023 and the loan was settled during the same year.

In November 2022, the Group secured a new short-term loan facility amounting to KD 500,000 from a foreign Islamic branch of a local bank. The loan is repayable on 12 February 2023 through bullet payment. The facility has been renewed till 1 September 2023 and the loan was settled during the same year.

In May 2023, the Group secured a short-term revolving loan facility of KD 5,000,000 which was repayable within 6 months upon utilization. The outstanding balance as at 31 December 2023 is KD 3,052,404. The agreement is valid for one year and to be renewed for a similar period.

As per the agreement the loans are guaranteed with the personal guarantees of the Owners.

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

17 TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
Trade payables	11,273,371	10,059,850
Leave accrual	276,118	283,873
Accrued expenses	314,260	306,906
Deferred rent income	451,886	43,029
Others	954,510	307,872
	13,270,145	11,001,530

18 REVENUE

	For the year ended 31 December	
	2023	2022
Revenue from contract with customers		
Sale of goods	64,860,908	65,772,088
Other revenue		
Rental income	4,130,872	2,624,494
	68,991,780	68,396,582

19 GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2023	2022
Repairs and maintenance	293,805	263,098
Bank charges	208,717	139,316
Consultancy fees	159,483	297,777
Property service contracts	1,420,956	1,334,578
Operating Supplies	435,127	452,252
Subscriptions	424,149	292,866
Donations	107,229	101,889
Legal Fees	70,367	25,010
Others	799,293	702,985
	3,919,126	3,609,771

Notes to the consolidated financial statements
(All amounts in Kuwaiti Dinars unless otherwise stated)

20 OTHER INCOME

	For the year ended 31 December	
	2023	2022
Marketing income	39,842	100,502
Rent concession	141,704	16,396
Others	116,924	25,360
	<u>298,470</u>	<u>142,258</u>

21 CONTINGENT LIABILITIES

The Group had contingent liabilities relating to bank guarantees amounting to KD 2,058,992 (2022: KD 1,966,394).