# BOROSIL AFRASIA FZE

## Financial Statements

***31 March 2016***

***Registered office:***

Office No. LB 06112
Jebel Ali
Dubai, U.A.E.

# BOROSIL AFRASIA FZE

## Financial Statements
***31 March 2016***

| ***CONTENTS*** | ***PAGE*** |
|---|---|

# BOROSIL AFRASIA FZE
## Director's Report

The Directors submit his report and financial statements for the financial year ended 31st March, 2016.

**Result**

Loss for the year amounted to AED 3,08,538/-.

**Review of the business**

The company is registered for trading in solar energy systems and components, scientific and laboratory equipment, ceramic and chinaware, housewares and utensils, glass bottles, domestic kitchen and fixture, novelties, plastic bags and containers and cutlery and silverware.

**Events since the end of the year**

During the year the Company has formed a Limited Liability Company (LLC) in name of **"Borosil Afrasia Middle East Trading LLC"** with effect from 21st September, 2015. Your Company holds 49% stake in the said LLC.

**Shareholder and its interest**

The shareholder at 31st March, 2016 and its interest as at that date in the share capital of the company was as follows:

| Name | Country of Incorporation | No. of Shares | AED |
|---|---|---|---|
| Borosil Glass Works Limited | India | 2 | 20,00,000 |

**Auditors**

A resolution to appoint KSI Shah and Associates as Auditors and fix their remuneration will be put to the board at the Annual General Meeting.

**Mr. Pradeep Kheruka**
Director

# Independent Auditors' Report to the Shareholder of BOROSIL AFRASIA FZE

**Report on the Financial Statements**

We have audited the accompanying financial statements of **BOROSIL AFRASIA FZE**, which comprises of the statement of financial position as of 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory notes.

**Management's Responsibility for the Financial Statements**

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

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

**Emphasis of matter**

Without qualifying our opinion, we draw attention to note 1(c) to the financial statements, which states that these financial statements relate to the company only on a stand-alone basis. The financial statements of the subsidiary company are not included in these financial statements as the consolidated financial statements for the group will be prepared separately.

**Opinion:**

In our opinion, the financial statements present fairly, in all material respects the financial position of **BOROSIL AFRASIA FZE** as of 31 March 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

For KSI Shah and Associates
Dubai, U.A.E.
Signed by:
Sonal P. Shah (Registration No. 123)

*20 May 2016*

**BOROSIL AFRASIA FZE**

**Statement of Financial Position**
***At 31 March 2016***

| | Notes | 2016 AED | 2015 AED |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in a subsidiary | 6 | **300,000** | **-** |
| **Current assets** | | | |
| Inventory | 7 | 501,364 | 305,235 |
| Trade and other receivables | 8 | 582,281 | 94,012 |
| Prepayments | | 25,849 | 49,705 |
| Cash and bank balances | 9 | 140,402 | 414,001 |
| | | **1,249,896** | **862,953** |
| **TOTAL ASSETS** | | **1,549,896** | **862,953** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 10 | 2,000,000 | 1,000,000 |
| Accumulated losses | | (635,967) | (327,428) |
| **Total equity** | | **1,364,033** | **672,572** |
| **Current liability** | | | |
| Trade and other payable | 11 | **185,863** | **190,381** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,549,896** | **862,953** |

*The accompanying notes 1 to 19 form an integral part of these financial statements.*
*The Independent Auditors' Report is set forth on page 2.*
*Approved by the shareholder on 20th May 2016 and signed on its behalf by:*

**For BOROSIL AFRASIA FZE**

**Mr. Pradeep Kheruka**
Director

## BOROSIL AFRASIA FZE

## Statement of Comprehensive Income
***for the year ended 31 March 2016***

| | *Note* | *2016* *AED* | *2015* *AED* |
|---|---|---|---|
| **Revenue** | | **679,545** | **54,846** |
| Cost of sales | 12,14 | (403,854) | (24,216) |
| **Gross profit** | | **275,691** | **30,630** |
| Expenses | 13 | (584,230) | (263,468) |
| **Loss from operations** | | **(308,539)** | **(232,838)** |
| Interest income from bank | | - | 6,804 |
| **Loss for the year** | | **(308,539)** | **(226,034)** |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **(308,539)** | **(226,034)** |

*The accompanying notes 1 to 19 form an integral part of these financial statements.*

## BOROSIL AFRASIA FZE

## Statement of Changes in Equity
***for the year ended 31 March 2016***

| | *Share capital* *AED* | *Accumulated Losses* *AED* | *Total* *AED* |
|---|---|---|---|
| **As at 31 March 2014** | **1,000,000** | **(101,394)** | **898,606** |
| Loss for the year | - | (226,034) | (226,034) |
| **As at 31 March 2015** | **1,000,000** | **(327,428)** | **672,572** |
| Additional capital | 1,000,000 | - | 1,000,000 |
| Loss for the year | - | (308,539) | (308,539) |
| **As at 31 March 2016** | **2,000,000** | **(635,967)** | **1,364,033** |

*The accompanying notes 1 to 19 form an integral part of these financial statements.*

# BOROSIL AFRASIA FZE

## Statement of Cash Flows
*for the year ended 31 March 2016*

| | Note | 2016 AED | 2015 AED |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | (308,539) | (226,034) |
| **Operating (loss) before working capital changes** | | **(308,539)** | **(226,034)** |
| Changes in inventory | | (196,129) | (305,235) |
| Changes in trade and other receivables | | (464,413) | (96,871) |
| Changes in trade and other payables | | (4,518) | 127,597 |
| **Net cash (used in) operating activities** | | **(973,599)** | **(500,543)** |
| **Cash flows from investing activities** | | | |
| Investment in a subsidiary company | | (300,000) | - |
| Changes in fixed deposits | | 405,529 | (405,529) |
| **Net cash from / (used in) operating activities** | | **105,529** | **(405,529)** |
| **Cash flows from financing activities** | | | |
| Changes in share capital | | 1,000,000 | - |
| **Net cash from financing activities** | | **1,000,000** | **-** |
| **Net (decrease)/increase in cash and cash equivalents** | | **131,930** | **(906,072)** |
| **Cash and cash equivalents at beginning of the year** | | **8,472** | **914,544** |
| **Cash and cash equivalents at end of the year** | 14 | **140,402** | **8,472** |

*The accompanying notes 1 to 19 form an integral part of these financial statements.*

**BOROSIL AFRASIA FZE**
(Incorporated in the Jebel Ali Free Zone)
(Registration No. 162847)

## Notes to the Financial Statements
***for the year ended 31 March 2016***

## 1. Legal status

**a)** **BOROSIL AFRASIA FZE** ("The Company") is a free zone limited liability establishment, incorporated with Jebel Ali Free Zone, United Arab Emirates, under the trading license number 140740 issued on 9 January 2014.

**b)** The company is registered for trading in solar energy systems and components, scientific and laboratory equipment, ceramic and chinaware, housewares and utensils, glass bottles, domestic kitchen and fixture, novelties, plastic bags and containers and cutlery and silverware.

**c)** These financial statements relate to the company only on a stand-alone basis. The financial statements of a subsidiary company are not included in these financial statements as the consolidated financial statements for the group are prepared separately.

## 2. Basis of preparation

### a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting period beginning on or after 1 January 2015 and the implementing rules and regulations of the Jebel Ali Free Zone Authorities.

### b) Basis of measurement

The financial statements have been prepared on the historical cost. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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

### c) Functional and presentation currency

These financial statements are presented in U.A.E. Dirhams, which is the company's functional and presentation currency.

## 3. Use of estimates and judgment

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

# BOROSIL AFRASIA FZE

## Notes to the Financial Statements
*for the year ended 31 March 2016*

**Use of estimates and judgment** *(contd.):*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Judgments made in applying accounting policies**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

***Impairment***

At each reporting date, management conducts an assessment of investment in subsidiary, investment properties, investment in securities and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to statement of comprehensive income or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

***Classification of investments***

Management designates at the time of acquisition of securities whether these should be classified as at fair value or amortized cost. In judging whether investments in securities are classified as at fair value or amortized cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments.

***Classification of investment as a subsidiary***

The company has classified its 49 % investment in Borosil Afrasia Middle East Trading LLC, a limited liability company, as its' subsidiary, considering all relevant circumstances, the management is of the opinion that it is in a position to control the investee company, Borosil Afrasia Middle East Trading LLC.

**Key sources of estimation uncertainty and assumptions**

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

***Inventory provision***

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

***Doubtful debt provision***

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

***Impairment***

Assessments of net recoverable amounts of all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

## 4. Adoption of new and revised International Financial Reporting Standard

### a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from their effective dates. There are no significant impacts on adoption of these standards, amendments and interpretations.

Their adoption has resulted in presentation and disclosure changes only.

### b) International Financial Reporting Standards issued in 2014 but not effective

IFRS 9 – Financial Instruments (July 2014 version) This replaces the earlier IFRS 9 and is the final version – The effective date of the standard is set for annual periods beginning on or after 1 January 2018 with choice for early adoption. From February 2015 entities newly applying IFRS 9 will need to apply the version published in July 2014.

# BOROSIL AFRASIA FZE

## Notes to the Financial Statements
*for the year ended 31 March 2016*

**International Financial Reporting Standards issued in 2014 but not effective** *(Contd.):*

IFRS14 – Regulatory Deferral Accounts – The effective date of the standard is set for annual periods beginning on or after 1 January 2016.

IFRS 15 – Revenue from contracts with customers – The effective date of the standard is set for annual periods beginning on or after 1 January 2017.

The company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

## 5. Significant accounting policies

### a) Depreciation of fixed assets:

Minor fixed assets are depreciated by cost less 5% of residual value in the year of purchase.

### b) Investment in subsidiary

Subsidiary is an entity (investee) which is controlled by another entity (the Parent or the Investor). The control is based on whether,

a) The Investor has power over the investee
b) It is exposed to rights of variable returns and
c) It has the ability to use its power to affect the amount of the returns.

The purchase method of accounting is used to account for the acquisition of subsidiary. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

Investment in subsidiary is stated at cost less provision for impairment if any.

Income from investment in subsidiary is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

### c) Financial instruments:

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

# BOROSIL AFRASIA FZE

## Notes to the Financial Statements
***for the year ended 31 March 2016***

**Financial assets**

***Non derivative financial assets***

***Initial recognition and measurement***

Financial assets are recognized on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financials assets are recognized initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

***Subsequent measurement***

The subsequent measurement of non - derivative financial assets depends on their classification as follows:

The company classifies non-derivative financial assets into the following categories: Financial assets at fair value through profit or loss, Held-to-maturity financial assets, Available-for-sale financial assets and Loans and receivables.

During the year, the company has non-derivative financial assets in the form of loans and receivables only.

***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in statement of comprehensive income when the loans and receivables are derecognized or impaired, and through the amortization process.

***Offsetting of financial instruments***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**d) Inventories**

Inventories are valued at lower of cost or net realisable value. Cost comprises of invoice value plus attributable direct expenses. Net realisable value is based on estimated selling price less any further costs expected to be incurred for disposal. Cost is calculated on weighted average method.

# BOROSIL AFRASIA FZE

## Notes to the Financial Statements
*for the year ended 31 March 2016*

**e) Trade and other receivables**

Trade receivables are carried at the original invoice amount to the customers.

An estimate is made for doubtful receivables based on a periodic review of all outstanding amounts.

Bad debts are written off when identified.

**f) Foreign currency transactions**

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the reporting date. Resulting exchange gains/losses are taken to the statement of comprehensive income.

**g) Impairment of financial assets**

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial asset together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and the present value of estimated future cash flows.

For financial assets carried at amortised cost, the carrying amount is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Comprehensive Income.

If a write-off is later recovered, the recovery is credited to the Statement of Comprehensive Income.

**h) Impairment of non-financial assets**

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

## BOROSIL AFRASIA FZE

## Notes to the Financial Statements
***for the year ended 31 March 2016***

**Impairment of non-financial assets** *(contd.)***:**

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of Comprehensive Income.

**i) Trade and other payables**

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

**j) Provisions**

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

**k) Staff end of service gratuity**

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

**l) Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**m) Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership and the lease payments are charged to the statement of comprehensive income on a straight line basis over the period of lease.

***The Company as lessee***

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

# BOROSIL AFRASIA FZE

## Notes to the Financial Statements
***for the year ended 31 March 2016***

**n) Revenue recognition**

**Sales of goods**

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied.

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**o) Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash on hand, bank current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

| | 2016 AED | 2015 AED |
|---|---|---|
| **6. Investment in a subsidiary** | | |
| **Borosil Afrasia Middle East Trading LLC, U.A.E.** [1] | | |
| 100 Equity shares of AED 3,000/- each | **300,000** | - |

[1] *The company holds 49% share in a subsidiary company, Borosil Afrasia Middle East Trading L.L.C. However 100% of the beneficial ownership vests with the company.*

## 7. Inventory

| | 2016 AED | 2015 AED |
|---|---|---|
| Consumer ware kitchen items | **501,364** | **305,235** |

## 8. Trade and other receivables

| | 2016 AED | 2015 AED |
|---|---|---|
| Trade receivables | 406,291 | 54,846 |
| Deposits | 38,820 | 36,015 |
| Other receivables | 137,170 | 3,151 |
| | **582,281** | **94,012** |

## 9. Cash and bank balances

| | 2016 AED | 2015 AED |
|---|---|---|
| Bank balance in: | | |
| Current account | 140,402 | 8,472 |
| Fixed deposit | - | 405,529 |
| | **140,402** | **414,001** |

## BOROSIL AFRASIA FZE

## Notes to the Financial Statements
***for the year ended 31 March 2016***

| | 2016 AED | 2015 AED |
|---|---|---|
| **10. Share capital** | | |
| 2 shares of AED 1,000,000/- each *(Previous year 1 share of AED 1,000,000/-)* | **2,000,000** | **1,000,000** |

### 11. Trade and other payables

| | 2016 AED | 2015 AED |
|---|---|---|
| Trade payables | 126,429 | 181,245 |
| Other payables | 59,434 | 9,136 |
| | **185,863** | **190,381** |

### 12. Cost of sales

Cost of sales includes purchase of consumer ware kitchen items and other direct expenses.

| | 2016 AED | 2015 AED |
|---|---|---|
| **13. Expenses** | | |
| Salaries | 254,563 | 86,486 |
| Rent | 57,344 | 56,102 |
| Other administrative expenses | 272,323 | 120,880 |
| | **584,230** | **263,468** |

### 14. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

The nature of significant related party transactions and the amounts involved are as under:

| | Subsidiary AED | Shareholder AED | Total 2016 AED | Total 2015 AED |
|---|---|---|---|---|
| Purchases | - | 508,234 | 508,234 | 164,208 |
| Sales | 397,864 | 167,743 | 565,607 | - |
| Royalty | - | 148 | 148 | - |

## BOROSIL AFRASIA FZE

## Notes to the Financial Statements
***for the year ended 31 March 2016***

**Related party transactions** *(contd.)*:

The company also provides funds to/receives funds from related parties as and when required to meet working capital requirements free of interest charge.

At the reporting date, balances with related parties were as follows:

| | *Subsidiary AED* | *Shareholder AED* | *Total 2016 AED* | *Total 2015 AED* |
|---|---|---|---|---|
| Included under trade receivables | 397,864 | - | 397,864 | - |
| Included under other receivables | 134,587 | - | 134,587 | - |
| Included under trade payables | - | 80,628 | 80,628 | - |

## 15. Cash and cash equivalent

| | *2016 AED* | *2015 AED* |
|---|---|---|
| Bank balances in: | | |
| Current account | **140,402** | **8,472** |

## 16. Financial instruments

The company has exposure to the following risks from its financial instruments:

a) Credit risk
b) Market risk
c) Liquidity risk

### a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of bank balances and trade and other receivables.

***Trade and other receivables***

As at the reporting date, the company's maximum exposure to credit risk from trade receivables situated within U.A.E. amounted to AED 397,864/- due from a subsidiary company *(previous year AED 54,846/- due from three customers).*

There is no significant concentration of credit risk from trade receivables outside U.A.E. and outside the industry in which the company operates.

***Bank balance***

The company’s bank balance in current account is placed with high credit quality financial institution.

## BOROSIL AFRASIA FZE

## Notes to the Financial Statements
***for the year ended 31 March 2016***

**b) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

***Interest rate risk***
In absence of bank borrowings, interest rate risk is minimum.

***Exchange rate risk***

There is no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E. Dirham to which US Dollars is fixed.

**Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the owners and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

## 17. Financial instruments: Fair value

The fair values of the company's financial assets comprising trade and other receivables and bank balances and financial liabilities comprising of trade and other payables approximate to their carrying values.

## 18. Contingent liability

There was no contingent liability of a significant amount outstanding as at the reporting date.

## 19. Comparative figures

Previous year's figures have been regrouped/ reclassified wherever necessary to conform to the presentation adopted in the current year.