BOROSIL AFRASIA FZE
(In Liquidation)

Financial Statements

31 March 2019

Registered office:

Office No. B34BS33WS309
Jebel Ali
Dubai, U.A.E.

BOROSIL AFRASIA FZE

Financial Statements
31 March 2019

BOROSIL AFRASIA FZE
Director's Report

The director submits his report and financial statements for the financial year ended 31 March 2019.

Results

Loss for the year amounted to AED 698,663/-.

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. The shareholder/ director of the Company has passed resolution for voluntary liquidation on 13th January, 2019. Accordingly, the liquidation process is ongoing as at the reporting date.

Events since the end of the year

There were no important events, which have occurred since the year-end that materially affect the company.

Shareholder and its interest

The shareholder at 31 March 2019 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	3	3,000,000

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.

P Manl

Mr. Pradeep Kumar Kheruka
Director

Independent Auditors' Report to the Shareholder / Director of BOROSIL AFRASIA FZE

Report on the Financial Statements

We have audited the accompanying financial statements of **BOROSIL AFRASIA FZE,** (the "Company"), which comprise of the statement of financial position as of 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year and a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company as of 31 March 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of matter

We draw attention to note 1(c) to the financial statements which states that the shareholder of the Company has passed the resolution for voluntary liquidation on 13th January 2019. As a result, the Company has changed its basis of accounting for periods subsequent to 13th January 2019 from the going-concern basis to a liquidation basis.

Other Information

Management is responsible for the other information. Other information comprises the directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

Independent Auditors' Report to the Shareholder / Director of BOROSIL AFRASIA FZE

Report on the Audit of the Financial Statements (contd.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report to the Shareholder / Director of BOROSIL AFRASIA FZE

Report on the Audit of the Financial Statements (contd.)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, proper books of account have been kept by the company and the financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the Jebel Ali Free Zone Companies Implementing Regulations 2016 as amended or the articles of association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

KSI Shah & Associates

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

P.O. Box 71241 Dubai - U.A.E.

14 April 2019

BOROSIL AFRASIA FZE

Statement of Financial Position
At 31 March 2019

	Notes	2019 AED	2018 AED
ASSETS			
Non-current assets			
Fixed Assets	7	1,011	1,333
Investments in a subsidiary	6	-	300,000
		1,011	**301,333**
Current assets			
Trade and other receivables	8	126,514	553,266
Prepayments		747	36,153
Cash and cash equivalents	9	887,719	849,676
		1,014,980	**1,439,095**
TOTAL ASSETS		**1,015,991**	**1,740,428**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	3,000,000	3,000,000
Accumulated losses		(1,997,595)	(1,298,932)
Total equity		**1,002,405**	**1,701,068**
Non-current liabilities			
Staff end of service gratuity		**2,169**	**-**
Current liabilities			
Trade and other payable	11	**11,417**	**39,360**
TOTAL EQUITY AND LIABILITIES		**1,015,991**	**1,740,428**

The accompanying notes 1 to 18 form an integral part of these financial statements.
The Independent Auditors' Report is set forth on page 2 to 4.
Approved by the shareholder / Director on 14th April 2019 and signed on its behalf by:

For BOROSIL AFRASIA FZE

P Kheruka

Mr. Pradeep Kumar Kheruka
Director of the company and
Representing
Borosil Glass Works Limited, *India*

BOROSIL AFRASIA FZE

Statement of Comprehensive Income
for the year ended 31 March 2019

	Note	*2019 AED*	*2018 AED*
Revenue		-	**240,296**
Cost of sales	12,14	-	(265,192)
Gross (loss)		-	**(24,896)**
Expenses	13	(698,663)	(301,210)
Loss for the year		**(698,663)**	**(326,106)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(698,663)**	**(326,106)**

The accompanying notes 1 to 18 form an integral part of these financial statements.

BOROSIL AFRASIA FZE

Statement of Changes in Equity
for the year ended 31 March 2019

	Share capital AED	Accumulated Losses AED	Total AED
As at 31 March 2017	**3,000,000**	**(972,826)**	**2,027,174**
Loss for the year	-	(326,106)	(326,106)
As at 31 March 2018	**3,000,000**	**(1,298,932)**	**1,701,068**
Loss for the year	-	(698,663)	(698,663)
As at 31 March 2019	**3,000,000**	**(1,997,595)**	**1,002,405**

The accompanying notes 1 to 18 form an integral part of these financial statements.

BOROSIL AFRASIA FZE

Statement of Cash Flows
for the year ended 31 March 2019

	Note	2019 AED	2018 AED
Cash flows from operating activities			
Loss for the year		(698,663)	(326,106)
Share of loss from investment in subsidiary company		525,962	-
Gratuity provision		2,169	-
Depreciation		322	1,938
Operating (loss) before working capital changes		**(170,210)**	**(324,168)**
Changes in inventories		-	265,192
Changes in trade and other receivables and prepayments		236,196	(272,939)
Changes in trade and other payables		(27,943)	(25,929)
Net cash from /(used in) operations		**38,043**	**(357,844)**
Staff end of service gratuity paid		-	(31,333)
Net cash from/(used in) operating activities		**38,043**	**(389,177)**
Cash flows from investing activities			
Purchase of fixed assets		-	(3,271)
Net cash (used in) investing activities		-	(3,271)
Cash flows from financing activities			
Changes in due from a subsidiary		-	374,038
Net cash from financing activities		-	374,038
Net (decrease)/increase in cash and cash equivalents		**38,043**	**(18,410)**
Cash and cash equivalents at beginning of the year		**849,676**	**868,086**
Cash and cash equivalents at end of the year	9	**887,719**	**849,676**

The accompanying notes 1 to 18 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 2019

1. Legal status

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

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) The shareholder / director of the Company has passed resolution for voluntary liquidation on 13 January, 2019. Accordingly, the liquidation process is ongoing as at the reporting date.

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 2018 and the implementing rules and regulations of the Jebel Ali Free Zone Authorities.

b) Going concern

In accordance with IAS 1, Presentation of financial statements ("IAS 1"), the Company changed the basis of preparing its financial statements from going concern to liquidation, effective January 13, 2019. As a result, these financial statements have been prepared using the liquidation basis of accounting.

c) Basis of measurement

The financial statements have been prepared on the historical cost as described in the accounting policies below. 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.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety as described below:

Basis of measurement (contd.)

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

d) 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.

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 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.

Financial assets at amortized cost

The Company classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

BOROSIL AFRASIA FZE

Notes to the Financial Statements
for the year ended 31 March 2019

Financial assets at amortized cost (contd.)

Effective January 13, 2019; the preparation of financial statements under the liquidation basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Different assumptions could significantly affect these estimates. Accordingly, the estimated net realizable values of the assets and liabilities may differ from the actual values received or settled in the winding up, and the estimates of future costs expected to be incurred may differ from those actually incurred during the winding up.

4. Adoption of new and revised International Financial Reporting Standards

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:

- IFRS 9 - Financial Instruments
- IFRS 15 – Revenue from contracts with customers
- Clarifications to IFRS 15- Revenue from contracts with customers
- IFRIC Interpretation 22-Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40- Transfers of Investment Property
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IFRS 1 and IAS 28 as per annual improvements to IFRS standards 2014-16 cycle

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from the financial reporting period commencing on or after 01 January 2018.

The significant impacts of IFRS 9, IFRS 15 and other amendments as listed above on the amounts reported and their presentation are disclosed wherever applicable.

4b. Significant Changes in the current reporting period

a) <u>IFRS 9 Financial Instruments</u>

The Company has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

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Notes to the Financial Statements
for the year ended 31 March 2019

IFRS 9 Financial Instruments (contd.)

As permitted by transitional provisions of IFRS 9, the Company elected not to restate the comparative figures. Any adjustments to carrying amounts of financial assets and liabilities at the date of transitions were recognized in opening retained earnings and other reserves of the current year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 - Financial Instruments: Disclosures.

There is no material impact on adoption of IFRS 9 in the financial statements at the adoption date and the reporting date, however the presentation and disclosure requirements of IFRS 9 have been dealt with as relevant to the Company.

b) **IFRS 15 Revenue from contracts with customers:**

This standard on revenue recognition replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" and related interpretations.

IFRS 15 is more perspective, provides detailed guidance on revenue recognition and reduced the use of judgment in applying revenue recognition policies and practices as compared to the replaced IFRS and related interpretations.

Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service.

The core principle of IFRS 15 is that an entity recognizes revenue as it transfers the promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange of those goods or services.

IFRS 15 also includes a comprehensive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, and timing and uncertainly of revenue and cash flows arising from the entity's contracts with customers.

The Company has assessed that the impact of IFRS 15 is not material on the financial statements of the company as at the adoption date and the reporting date.

5. Significant accounting policies

a) Liquidation basis of accounting

Under the liquidation basis of accounting, all assets and liabilities are measured at their net realizable values. Costs expected to be incurred during the winding up, including administrative costs and professional fees expected to be incurred in future periods until the winding up of the Company is completed, have been accrued. Provisions for contingent liabilities are accrued when the probability of loss is more likely than not. Contingent assets are not accrued unless receipt is virtually certain.

b) Depreciation of fixed assets:

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts, net of their residual values, over their estimated useful lives.

c) 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.

d) Investment in subsidiary

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.

e) Financial instruments:

Recognition and Initial measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortised cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

BOROSIL AFRASIA FZE

Notes to the Financial Statements
for the year ended 31 March 2019

Financial assets at amortised cost (debt instruments) (cont.)

The Company's financial assets at amortised cost include trade and other receivables, and cash and cash equivalents.

Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)

Financial assets that are held within a business model whose objective is achieved by both holding the asset in order to collect contractual cash flows that are solely payments of principal and interest and by selling the financial assets, are subsequently measured at fair value through other comprehensive income. Changes in fair value are recognized in the other comprehensive income (OCI) and on derecognition, cumulative gain or loss

Previously recognized in OCI is reclassified to the statement of profit and loss. Interest income calculated using EIR method and impairment loss, if any are recognized in the statement of profit and loss.

The company does not have financial assets at fair value through other comprehensive income at reporting date.

Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The company does not have financial assets at fair value through other comprehensive income at reporting date.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss. Changes in fair value and income on these assets are recognised in the statement of profit and loss. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

BOROSIL AFRASIA FZE

Notes to the Financial Statements
for the year ended 31 March 2019

Financial assets at fair value through profit or loss (cont.)

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The company does not have financial assets at fair value through profit & loss at reporting date.

Classification and subsequent measurement of financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortized cost - Financial liabilities are classified as financial liabilities at amortized cost by default. Interest expense calculated using EIR method is recognized in the statement of profit and loss. The company's financial liabilities at amortized cost include trade and other payables.

- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognized in the statement of profit and loss.

Derecognition of financial assets and financial liabilities

Financial assets are de-recognised when, and only when,
- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  a) the Company has transferred substantially all the risks and rewards of the asset, or
  b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

BOROSIL AFRASIA FZE

Notes to the Financial Statements
for the year ended 31 March 2019

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. Impairment is determined based on expected credit losses, which is the present value of the cash shortfalls over the expected life of the financial assets. The Company incorporates forward-looking information into its historical customer default rates, grouping receivables by customer sector, rating and geography taking into account the existence of collateral, if any. In the prior year, the allowance for trade accounts receivable was determined based on the incurred credit loss model required by IAS 39.

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 balance sheet date. Resulting gain or loss is taken to the Statement of Comprehensive Income.

g) 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.

BOROSIL AFRASIA FZE

Notes to the Financial Statements
for the year ended 31 March 2019

Impairment of non-financial assets (cont.)

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.

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.

h) 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

i) 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.

j) Value Added Tax

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

BOROSIL AFRASIA FZE

Notes to the Financial Statements

for the year ended 31 March 2019

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) 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.

m) 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.

n) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise cash and Cheques on hand, bank balance in 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.

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Notes to the Financial Statements
for the year ended 31 March 2019

6. Investment in a subsidiary

	2019 AED	2018 AED
100 Equity shares of AED 3,000/- each[a]	300,000	300,000
Less- Loss on disposal of investment [b] *(refer note 13, 14)*	(300,000)	-
	-	**300,000**

[a] *The company held 49% shares in, Borosil Afrasia Middle East Trading L.L.C("subsidiary company"). However , 100% of the beneficial ownership is vested with the company.*

[b] *The subsidiary company, as mentioned above was liquidated during the year. The Dubai Department of Economic Development has announced the cancellation and termination from the commercial register for the subsidiary company on 18* December 2018.

7. Fixed assets

	Furniture & equipment AED
Cost	
As at 01.04.2018	3,271
As at 31.03.2019	**3,271**
Depreciation	
As at 01.04.2018	1,938
Charge for the year	322
As at 31.03.2019	**2,260**
Net book value	
As at 31.03.2019	**1,011**
As at 31.03.2018	1,333

8. Trade and other receivables

	2019 AED	2018 AED
Trade receivables	136,856	275,856
Provision for doubtful debt	(72,892)	-
	63,964	**275,856**
Deposits	51,388	44,524
Other receivables	11,162	6,924
Due from a subsidiary *(refer note 13,14)*	-	225,962
	126,514	**553,266**

BOROSIL AFRASIA FZE

Notes to the Financial Statements
for the year ended 31 March 2019

	2019 AED	2018 AED

9. Cash and cash equivalents

Bank balance in:		
Current account	887,719	849,676

10. Share capital

3 shares of AED 1,000,000/- each	3,000,000	3,000,000

11. Trade and other payables

Trade payables *(refer note 14)*	-	3,954
Other payables	11,417	35,406
	11,417	39,360

12. Cost of sales

Opening inventory	-	265,192
Purchases *(refer note 14)*	-	-
Closing inventory	-	-
	-	265,192

13. Expenses

Salaries	38,208	156,494
Rent	21,386	29,942
Other administrative expenses	39,893	112,836
Loan to subsidiary being written off on liquidation *(refer note 8)*	225,962	-
Loss on disposal of investment in subsidiary on liquidation *(refer note 6)*	300,000	-
Provision for doubtful debt	72,892	-
Depreciation	322	1,938
	698,663	301,210

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.

BOROSIL AFRASIA FZE

Notes to the Financial Statements
for the year ended 31 March 2019

Related party transactions (contd.)

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

	Subsidiary *AED*	*Shareholder* *AED*	*Total 2019* *AED*	*Total 2018* *AED*
Purchases	-	-	-	-
Sales	-	-	-	38,163
Royalty- administrative expenses	-	-	-	635
Transfer of Fixed assets	-	-	-	1,271
Transfer of trade and other receivable	-	-	-	402,849
Transfer of trade and other payable	-	-	-	30,083
Loan to subsidiary being written off on liquidation *(refer note 13)*	225,962	-	225,962	-
Loss on disposal of investment in subsidiary on liquidation *(refer note 13)*	300,000	-	300,000	-

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

	Subsidiary *AED*	*Shareholder* *AED*	*Total 2019* *AED*	*Total 2018* *AED*
Included under current assets				
Included under due from a subsidiary	-	-	-	225,962

15. 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 31 March 2019, the company's maximum exposure to credit risk from trade receivables situated within U.A.E. amounted to AED 136,856/- due from a customer *(previous year AED 275,231/- due from a customer)*.

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

BOROSIL AFRASIA FZE

Notes to the Financial Statements
for the year ended 31 March 2019

Bank balance

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

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.

16. 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.

17. Contingent liability

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

18. Comparative figures

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