



## **20 Microns (FZE)**

SAIF Zone, United Arab Emirates

### **Financial Statements**

*For the year ended 31 March 2018*

*accountable for  
the countable®*



# Contents

## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Financial Statements

*For the year ended 31 March 2018*

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## INDEPENDENT AUDITOR'S REPORT

The Shareholders  
20 MICRONS (FZE)  
Sharjah Airport International Free Zone, United Arab Emirates

### Opinion

We have audited the accompanying financial statements of 20 Microns FZE ("the Establishment"), which comprise the statement of financial position as at 31 March 2018 and the statement of profit or loss & other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We did not receive the independent confirmation for the account receivable and account payable, which have limited our scope to confirm these balance independently.

In our opinion; the financial statements present fairly, in all material respects, the financial position of 20 Microns FZE ("the establishment), Dubai as of 31 March 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Emiri Decree No. 2 of 1995 issued in Sharjah on May 8, 1995 applicable to Sharjah Airport International Free Zone.

### 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 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 Company in accordance with the International Ethics Standards Board for accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirement that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Responsibilities of Management 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.



## **Responsibilities of Management Those Charged with Governance for the financial statements (Continued)**

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 to do so.

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

## **Auditor's 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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate they could reasonably be expected to influence the economic decision of user 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 through out 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.
- > 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 disclosure 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 continue as a going concern.



### Auditor's responsibilities for the audit of the financial statements (Continued)

- > Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- > Obtain sufficient appropriate audit evidence regarding the financial information of the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged the 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

Further, as required by the Emiri Decree No. 2 of 1995 issued in Sharjah on May 8, 1995 applicable to Sharjah Airport International Free Zone.

- 1 We have obtained all the information and explanations we considered necessary for the purpose of our audit;
- 2 The Establishment has maintained proper books of account and the accompanying financial statements were in agreement there with;
- 3 A physical verification of inventories was carried out and certified by the management in accordance with established principles;
- 4 We are not aware of any contraventions except as stated above, during the year of the above mentioned laws, which may have material effect on the financial position of the Establishment or the result of its operations for the year.

### Jitendra Chartered Accountants



(Jitendra Thakurdas Gianchandani)

Partner

Registration No. 556

Place: Dubai,

Date: 08 May 2018



## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates


### Statement of profit or loss and other comprehensive income

For the year ended 31 March 2018

|  | Note | 2018<br>AED    | 2017<br>AED    |
|--|------|----------------|----------------|
| Revenue  | 6    | 1,770,634      | 1,914,057      |
| Cost of revenue                                | 7    | (1,567,232)    | (1,588,202)    |
| <b>Gross profit</b>                            |      | <b>203,402</b> | <b>325,855</b> |
| Administration expenses                        | 8    | (82,500)       | (57,549)       |
| Selling expenses                               | 9    | -              | (1,190)        |
| Financial expenses                             | 10   | (20,015)       | (19,984)       |
| Other expenses                                 | 11   | (35,696)       | (91,091)       |
| Other Income                                   | 12   | 2,172          | 94,921         |
| <b>Profit from operation</b>                   |      | <b>67,363</b>  | <b>250,961</b> |
| Other comprehensive income for the year        |      | -              | -              |
| <b>Total Comprehensive Income for the year</b> |      | <b>67,363</b>  | <b>250,961</b> |

The notes on pages no. 09 to 25 form part of these financial statements.

For 20 MICRONS (FZE)

  
(Chirag J. Shroff)  
Owners Representative



The independent auditor's report is set out on pages 1 to 3.



## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Statement of Financial Position

As at 31 March 2018

|                                   | Note | 2018<br>AED      | 2017<br>AED    |
|-----------------------------------|------|------------------|----------------|
| <b>Current assets</b>             |      |                  |                |
| Accounts receivable               | 13   | 443,284          | 262,552        |
| Other receivables and prepayments | 14   | 28,208           | 29,724         |
| Amounts due from related parties  | 15   | 153,500          | 153,500        |
| Cash and balance with banks       | 16   | 393,631          | 534,348        |
|                                   |      | <b>1,018,623</b> | <b>980,124</b> |
| <b>Current liabilities:</b>       |      |                  |                |
| Accounts payable                  | 20   | 271,152          | 368,004        |
| Provisions & accruals             | 21   | 81,540           | 13,553         |
|                                   |      | <b>352,693</b>   | <b>381,557</b> |
| <b>Net current assets</b>         |      | <b>665,930</b>   | <b>598,567</b> |
| <b>Net assets</b>                 |      | <b>665,930</b>   | <b>598,567</b> |

(continued...)





## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Statement of Financial Position

As at 31 March 2018

|   | Note | 2018<br>AED    | 2017<br>AED    |
|---|------|----------------|----------------|
| <b>Equity</b>                                     |      |                |                |
| Share capital                                     | 17   | 150,000        | 150,000        |
| Owner's current accounts                          | 19   | 515,930        | 448,567        |
| <b>Total Equity</b>                               |      | <b>665,930</b> | <b>598,567</b> |
| <b>Total Equity &amp; Non-current liabilities</b> |      | <b>665,930</b> | <b>598,567</b> |

The notes on pages no. 09 to 25 form part of these financial statements.

These financial statements were authorized by the Owners Representative on 08 May 2018.

For 20 MICRONS (FZE)



(Chirag J. Shroff)

Owners Representative

The independent auditor's report is set out on pages 1 to 3.



## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Statement of Changes in Equity

For the year ended 31 March 2018

|                                       | Share<br>capital<br>AED | Retained<br>Earnings<br>AED | Owner's<br>current<br>accounts<br>AED | Total<br>AED |
|---------------------------------------|-------------------------|-----------------------------|---------------------------------------|--------------|
| Balance at 01 April 2016              | 150,000                 | -                           | 197,606                               | 347,606      |
| Total profit for the year             | -                       | 250,961                     | -                                     | 250,961      |
| Profit transferred to owner's account | -                       | (250,961)                   | 250,961                               | -            |
| At 31 March 2017                      | 150,000                 | -                           | 448,567                               | 598,567      |
| Total profit for the year             | -                       | 67,363                      | -                                     | 67,363       |
| Profit transferred to owner's account | -                       | (67,363)                    | 67,363                                | -            |
| At 31 March 2018                      | 150,000                 | -                           | 515,930                               | 665,930      |

The notes on pages no. 09 to 25 form part of these financial statements.





## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Statement of Cash Flows

For the year ended 31 March 2018

|   | 2018             | 2017            |
|---|------------------|-----------------|
|   | AED              | AED             |
| <b>Cash flows from operating activities:</b>                  |                  |                 |
| Net profit for the year                                       | 67,363           | 250,961         |
| <b>Adjustments for non cash items:</b>                        |                  |                 |
| Financial expenses  | 20,015           | 19,984          |
| <b>Operating profit before working capital charges</b>        | <b>87,378</b>    | <b>270,945</b>  |
| <b>Operating assets and liabilities</b>                       |                  |                 |
| Net movement in accounts receivable                           | (180,732)        | 74,979          |
| Net movement in other receivables & prepayments               | 1,516            | 45,137          |
| Net movement in accounts payable                              | (96,852)         | 265,711         |
| Net movement in provisions and accrued expenses               | 67,987           | (117,352)       |
| <b>Cash (used) / generated from operations:</b>               | <b>(120,702)</b> | <b>539,421</b>  |
| <b>Net cash (used) / generated from operating activities</b>  | <b>(120,702)</b> | <b>539,421</b>  |
| <b>Cash flows from financing activities</b>                   |                  |                 |
| Financial expenses  | (20,015)         | (19,984)        |
| <b>Net cash used in financing activities</b>                  | <b>(20,015)</b>  | <b>(19,984)</b> |
| <b>Net (Decrease) / Increase in cash and cash equivalents</b> | <b>(140,717)</b> | <b>519,437</b>  |
| Cash and cash equivalents beginning of the year               | 534,348          | 14,911          |
| <b>Cash and cash equivalents end of the year</b>              | <b>393,631</b>   | <b>534,348</b>  |

The notes on pages no. 09 to 25 form part of these financial statements.

The independent auditor's report is set out on pages 1 to 3.



## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

#### 1 Legal status and principal activities

- a) 20 MICRONS (FZE), ("the Establishment") is incorporated on 07 February 2011 as a Free Zone Establishment (with Limited Liability) and operates in the United Arab Emirates under a commercial license issued by the Sharjah Airport Free Zone, Government of Sharjah, Sharjah, United Arab Emirates
- b) The principal activities of the Establishment are unchanged since the previous year and consist of General Trading.
- c) The registered office of the Establishment is located at Executive Desk Q1-08-012/C, P.O.Box 120194, SAIF Zone, Sharjah, United Arab Emirates.
- d) The management and control was vested with Mr. Nirakar H Desai, However same has been vested with Mr. Chirag J. Shroff since 7th Feb 2018, Owners Representative.
- e) These financial statements incorporate the operating results of the commercial license No.09022 which is valid upto 6th February 2019.
- f) The shareholding pattern of the Establishment as on 31 March 2018 is as under :

Authorised, issued and paid up capital of the Establishment is AED 150,000 divided into 1 share of AED 150,000 each fully paid.

| <u>Name of shareholders</u> | <u>No of shares</u> | <u>2018</u> | <u>2017</u> |
|-----------------------------|---------------------|-------------|-------------|
| 20 Microns Limited, India   | 1                   | 100%        | 100%        |
|                             |                     | <u>100%</u> | <u>100%</u> |

#### 2 Basis of preparation

##### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for small and medium-sized entities (SME's) and comply with the applicable laws.

##### Basis of measurement

The financial statements have been prepared under historical cost convention basis. These financials are prepared on a going concern basis.





## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

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#### 2 Basis of preparation (continued)

##### Functional and presentation currency

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

##### Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS for SME's requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that may have a material effect on the amounts recognized in the financial statements are described as a separate note subsequently.

##### Changes in accounting policies

The Establishment has adopted new and revised International Financial Reporting Standards for small and medium-sized entities (IFRS for SME's) which are effective for annual periods beginning 01 April 2017, to that extent changes are made in the presentation of these financial statements.

#### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Establishment, except as explained in note 2, which addresses changes in accounting policies.

## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

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#### 3 Significant accounting policies (Continued)

##### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Establishment and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, estimated customer returns, rebates and other similar allowances.

##### ***Non-derivative financial instruments***

Non-derivative financial instruments comprise cash and cash equivalents, receivables (net), fair value through statement of comprehensive income, other current assets, other non-current assets, borrowings, trade payables, other current liabilities, other non-current liabilities and related party balances.

##### **Financial instruments**

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Establishment becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Establishment's contractual rights to the cash flows from the financial assets expire or if the Establishment transfers financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Establishment's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash in hand and at bank and term deposits with an original maturity of three months or less.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses and estimated cost of completion, wherever applicable. The cost is determined by using the weighted average method.





## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

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#### 3 Significant accounting policies (continued) *Derivative financial instruments*

##### **Accounts receivable**

Accounts receivable are stated at net of provisions for amount estimated to be non-collectible. An estimate for doubtful accounts is made when collection of amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

##### **Accounts payable**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

##### **Provisions**

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### **Operating lease payment**

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives allowed by the lessor are recognised in the consolidated statement of comprehensive income as an integral part of the total lease payments made.

##### **Employee's terminal benefits**

The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of minimum service period. The benefit accrues to employees on a pro-rata basis during their employment period. The Establishment make provisions for employee terminal benefits which are based on the liabilities that would arise if the employment of all employees were to end at the statement of financial position date and is calculated in accordance with the provisions of the applicable labour laws.

##### **Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Establishment has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realize the asset.





## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

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#### 3 Significant accounting policies (continued)

##### Foreign currency

###### *Foreign currency transactions*

Transactions denominated in foreign currencies are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Euro at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Euro at the foreign exchange rate ruling at the date of the transaction. Realised and unrealised exchange gains and losses are recognised in the statement of comprehensive income.

##### Impairment

###### *Financial Assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event after the impairment loss was recognised.

###### *Non-financial Assets*

The carrying amounts of the Establishment's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment loss recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

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#### 3 Significant accounting policies (continued)

##### New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 01 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Establishment, except for IFRS 9, Financial Instruments, which becomes mandatory for the Establishment's 2018 financial statements and could change the classification and measurement of financial assets. The Establishment does not plan to adopt this standard early and the extent of the impact has not yet been determined.

#### 4 Determination of fair values

Certain of the Establishment's accounting policies and disclosures require the determination of fair value, for non-financial assets. Fair values have been determined for measurement and / or disclosure purposes based on the prescribed methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Establishment and counterparty when appropriate.

#### 5 Financial risk management and capital management

##### Overview

The Establishment has exposure to the following risks from its use of financial instruments :

- Credit risk,
- Liquidity risk,
- Market risk, and
- Operational risk

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





## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

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#### 5 Financial risk management and capital management (continued).

The Directors has an overall responsibility for the Establishment and oversight of the Establishment's risk management framework. The Establishment's risk management policies are established to identify and analyse the risks faced by the Establishment, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products offered discounts.

##### **Credit risk**

Credit risk is the risk of financial loss to the Establishment if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to contract, retention and other receivables, amount due from related parties, and cash at bank. The exposure to credit risk on the contract and retention receivables, and amount due from related parties is monitored on an ongoing basis by the management and these are considered recoverable by the Establishment's management. The Establishment establishes an allowance for impairment that represents its estimate of incurred losses in respect of contract, retention and other receivables. The Establishment's cash is placed with banks of good repute.

##### **Liquidity risk**

Liquidity risk is the risk that the Establishment will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to contract, retention and other payables, amounts due to related parties, short term bank borrowings and long term loans from related parties. The Establishment's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Establishment's reputation. Furthermore, the shareholders have provided an undertaking to provide to arrange for such financial support as may be necessary to meet all its obligations as they fall due.

##### **Market rate risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Establishment's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Establishment incurs financial liabilities in order to manage market risks.





## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

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#### 5 Financial risk management and capital management (continued)

##### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The principal currencies in which these transactions primarily are denominated are AED. The Establishment is primarily exposed to currency risk on its contract payables that are denominated in a currency other than the functional currency of the Establishment.

##### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Establishment is mainly exposed to interest rate risk on its interest bearing loan from related parties and bank borrowings.

##### **Operational risk**

Operational risk is the risk of direct or indirect loss arising from the Establishment's operations coming from a wide variety of causes associated with the Establishment's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Establishment's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Establishment's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

##### **Capital management**

The Establishment's main objective when managing capital is to safeguard the Establishment's ability to continue as a going concern.

The Establishment manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Establishment may adjust the amount of dividends paid, issue new shares, or sell assets to reduce debt.

There were no changes in the Establishment's approach to capital management during the year.

Sales represent amount invoiced for goods delivered and title has passed, net of sales returns and discounts.



## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

#### 5 Financial risk management and capital management (continued)

##### Provisions

Provisions are recognized when the Establishment has an obligation (legal or constructive) arising from past events and the costs to settle the obligation are both probable and reliably measured.

##### Cash and cash equivalents

For the purposes of preparing Statement of Cash Flows "cash and cash equivalents" comprise of cash in hand and unrestricted balances with a bank which are subject to an insignificant risk of changes in value.

##### Impairment of Assets

In accordance with International Accounting Standard 36, the assets are reviewed for impairment at each year end. An impairment loss is recognized in the statement of income if the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is higher of the value in use and the realizable amount of the asset.

##### Foreign currency transactions

Foreign currency transactions are recorded in USD at the approximate rate of exchange prevailing at the time of the transactions. Foreign currency balances at assets and liabilities are translated to Dollar at the rate of exchange prevailing at the date of the balance sheet. Gain or Loss on exchange is included in the statement of income.

##### Critical accounting estimates and judgments in applying accounting estimates

The Establishment makes estimates and assumption that effect the reported amounts of assets and liabilities with in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

##### Useful life and residual value of property, plant & equipments:

The Establishment reviews the useful life and residual value of property, plant and equipment at each reporting date to determine whether an adjustment to the useful and residual value is required. The useful life and residual value is estimated based on similar assets of the industry, and future economic benefit expectations of the management.





## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

#### 5 Financial risk management and capital management (continued) Impairment of Receivables

The Establishment reviews the carrying amounts of all receivables including due from related parties, at each reporting date to determine whether the receivables have been impaired. The Establishment identifies receivables, which have been impaired based on age analysis and direct contact with parties concerned. The recoverable amount is estimated based on the past experience and future estimated cash flows.

#### 6 Revenue

|                     | 2018             | 2017             |
|---------------------|------------------|------------------|
|                     | AED              | AED              |
| Sales               | 1,744,354        | 1,904,067        |
| Freight Receipts    | 26,281           | 9,990            |
|                     | <u>1,770,634</u> | <u>1,914,057</u> |
| Sales within U.A.E  | -                | -                |
| Sales outside U.A.E |                  |                  |
| : Asia              | 902,502          | 1,056,383        |
| : Africa            | 125,622          | 133,144          |
| : USA               | 273,334          | 318,573          |
| : Europe            | 47,607           | 23,138           |
| : GCC               | 395,288          | 382,819          |
|                     | <u>1,744,354</u> | <u>1,914,057</u> |

#### 7 Cost of revenue

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Purchases (including direct expenses) | 1,567,232        | 1,588,202        |
|                                       | <u>1,567,232</u> | <u>1,588,202</u> |

#### 8 Administration expenses

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Rent                                | 17,396        | 16,060        |
| Travelling & entertainment expenses | 16,036        | 284           |
| Legal, visa and taxes               | 31,547        | 23,084        |
| Miscellaneous expenses              | 1,451         | 1,194         |
| Insurance charges                   | 6,088         | 6,227         |
| Professional fees                   | 7,088         | 6,990         |
| Courier Charges                     | 2,896         | 3,710         |
|                                     | <u>82,500</u> | <u>57,549</u> |



## 20 MICRONS (FZE)

Sharjah Airport International Free Zone, United Arab Emirates

### Notes to the financial statements

For the year ended 31 March 2018

#### 9 Selling expenses

|                | 2018<br>AED | 2017<br>AED  |
|----------------|-------------|--------------|
| Comission paid | -           | 1,190        |
|                | <u>-</u>    | <u>1,190</u> |

#### 10 Financial expenses

|              |               |               |
|--------------|---------------|---------------|
| Bank charges | 20,015        | 19,984        |
|              | <u>20,015</u> | <u>19,984</u> |

#### 11 Other expenses

|                       |               |               |
|-----------------------|---------------|---------------|
| Foreign exchange loss | 35,696        | 91,091        |
|                       | <u>35,696</u> | <u>91,091</u> |

#### 12 Other Income

|                       |              |               |
|-----------------------|--------------|---------------|
| Foreign exchange gain | 2,172        | 94,921        |
|                       | <u>2,172</u> | <u>94,921</u> |





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For the year ended 31 March 2018

#### 13 Accounts receivable

|                                    | 2018<br>AED    | 2017<br>AED    |
|------------------------------------|----------------|----------------|
| Accounts receivable                | 473,588        | 292,856        |
| Less: Allowance for doubtful debts |                |                |
| Opening balance                    | 30,304         | 30,304         |
| Allowance during the year          | -              | -              |
|                                    | 30,304         | 30,304         |
|                                    | <u>443,284</u> | <u>262,552</u> |

##### a) Ageing analysis of accounts receivable:

|                                |                |                |
|--------------------------------|----------------|----------------|
| Due for less than 180 days     | 256,031        | 147,556        |
| Due for between 180 - 365 days | 41,973         | -              |
| Above 365 days                 | 145,280        | 114,996        |
|                                | <u>443,284</u> | <u>262,552</u> |

The above accounts receivable are considered good and the fair value of accounts receivable is not materially different from their balances shown.

##### b) Credit risk:

At the balance sheet date, eight customers accounted for 100% (2017: 100 %) of the total outstanding accounts receivable and as such, the Establishment has significant concentration of credit risk and 45% of total receipts has recovered up to 07 May 2018.

#### 14 Other receivables and prepayments

|                  |               |               |
|------------------|---------------|---------------|
| Prepayments      | 28,208        | 29,724        |
| Other receivable | -             | -             |
|                  | <u>28,208</u> | <u>29,724</u> |



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#### 15 Related parties transactions

The Establishment enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24, International Financial Reporting Standards (IFRS). Such transactions are in normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise companies and entities under common ownership and / or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received / rendered from / to related parties as well as other charges, if applicable.

The Establishment provides / receives funds to / from related parties as and when required as working capital.

##### a) Amounts due from related parties

|                                   | 2018<br>AED    | 2017<br>AED    |
|-----------------------------------|----------------|----------------|
| Receivable from 20 Micron Limited | 153,500        | 153,500        |
|                                   | <u>153,500</u> | <u>153,500</u> |

#### 16 Cash and balance with banks

|               | 2018<br>AED    | 2017<br>AED    |
|---------------|----------------|----------------|
| Bank balances | 393,631        | 534,348        |
|               | <u>393,631</u> | <u>534,348</u> |

#### 17 Share capital

| Name of owner             | No. of shares | 2018<br>AED    | 2017<br>AED    |
|---------------------------|---------------|----------------|----------------|
| 20 Microns Limited, India | 1             | 150,000        | 150,000        |
|                           |               | <u>150,000</u> | <u>150,000</u> |





## 20 MICRONS (FZE)

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For the year ended 31 March 2018

#### 18 Retained Earnings

|                                       |          |           |
|---------------------------------------|----------|-----------|
| Opening balance                       | -        | -         |
| Net profit for the year               | 67,363   | 250,961   |
| Profit transferred to owner's account | (67,363) | (250,961) |
| Closing balance                       | -        | -         |

#### 19 Owner's current accounts

|                                       |         |         |
|---------------------------------------|---------|---------|
| Opening balance                       | 448,567 | 197,606 |
| Profit transferred to owner's account | 67,363  | 250,961 |
| Net Movements during the year         | -       | -       |
|                                       | 515,930 | 448,567 |

#### Breakup of owner's current accounts:

| Name of owner             | Balance at beginning of the year<br>AED | Profit transferred during the year<br>AED | Balance at end of the year<br>AED |
|---------------------------|---|---|-----------------------------------|
| 20 Microns Limited, India | 448,567                                 | 67,363                                    | 515,930                           |
|                           | 448,567                                 | 67,363                                    | 515,930                           |

#### 20 Accounts payable

|                  | 2018<br>AED | 2017<br>AED |
|------------------|-------------|-------------|
| Accounts payable | 271,152     | 368,004     |
|                  | 271,152     | 368,004     |

#### Aging analysis of accounts payable:

|                              |         |         |
|------------------------------|---------|---------|
| Due for less than 30 Days    | 202,785 | 102,510 |
| Due for between 30 - 60 Days | 37,591  | 126,733 |
| Due for more than 365 Days   | 30,776  | 138,761 |
|                              | 271,152 | 368,004 |



## 20 MICRONS (FZE)

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For the year ended 31 March 2018

#### 21 Provisions & accruals

|                       |               |               |
|-----------------------|---------------|---------------|
| Advance from customer | 11,191        | -             |
| Accruals              | 70,349        | 13,553        |
|                       | <u>81,540</u> | <u>13,553</u> |

#### 22 Financial instruments

Financial instruments of the Establishment comprises of cash at bank, fixed deposits with banks, accounts receivable, other assets, accounts payable, amount due from related parties, amount due to related parties and other liabilities.

##### Credit risk

Financial assets which potentially expose the Establishment to concentration of credit risk comprise principally bank accounts, accounts receivable and amounts due from related parties.

The Establishment's bank accounts are placed with high credit quality financial institutions.

Accounts and other receivables are stated net of allowance for doubtful recoveries. (At the balance sheet date, the Establishment's maximum exposure to credit risk from accounts and other receivables situated outside the U.A.E. are as follows:

At the balance sheet date, eighth customers accounted for 100% (2017: 100 %) of the total outstanding accounts receivable and as such, the Establishment has significant concentration of credit risk and 45% of total receipts has recovered up to 07 May 2018.

##### Currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in AED to which the conversion of Dirhams into USD is fixed.

##### Interest rate risk

The Establishment's deposits are at fixed rate of interest. The bank overdrafts and bank borrowings under trust receipts were at floating rates of interest at levels which are generally obtained in the United Arab Emirates.





## 20 MICRONS (FZE)

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### Notes to the financial statements

For the year ended 31 March 2018

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#### **22 Financial instruments (continued)** **Fair values**

At the balance sheet date, the fair values of financial assets and liabilities at year-end appropriate their carrying amounts.

#### **23 Accounting estimates and judgements**

The Establishment makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

In the application of the Establishment's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Critical judgements in applying the Establishment's accounting policies*

The following are the critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

#### *Key sources of estimation uncertainty*

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



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For the year ended 31 March 2018

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#### 23 Accounting estimates and judgements (continued)

##### *Allowance for slow-moving inventories*

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

##### *Allowance for doubtful debts*

Allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to un-collectability. The allowance for irrecoverable debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, and continuing credit evaluation of the customers' financial conditions. Also, specific allowances for individual accounts are recorded when the Establishment becomes aware of the customer's inability to meet its financial obligations.

##### *Property, plant and equipment*

The cost of property, plant and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

#### 24 Post balance sheet event

Subsequent to the balance sheet date and before this report is issued there were no material events, which could have significant impact on the results or the operation of the Establishment.

#### 25 Comparative amounts

Some of the figures for the previous year have been reclassified and rearranged in order to conform to the presentation for the current year. This has been done to improve the quality of information presented in the financial statements. Such reclassification and rearrangements does not affect previously reported net profit or equity.