GREAVES COTTON MIDDLE EAST (FZC)

(Previously known as ASCOT INTERNATIONAL FZC)

Financial statements and independent auditor's report

Year ended 31 March 2014

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(Previously known as ASCOT INTERNATIONAL FZC)

Financial statements and independent auditor's report

Year ended 31 March 2014

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PKF
Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT

The Shareholders
GREAVES COTTON MIDDLE EAST (FZC)
(Previously known as ASCOT INTERNATIONAL FZC)

Report on the financial statements

We have audited the accompanying financial statements of **GREAVES COTTON MIDDLE EAST (FZC) (previously known as ASCOT INTERNATIONAL FZC),** which comprise the statement of financial position as at 31 March 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 3 to 22.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

continued...

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PKF
Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT
(continued)

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of **GREAVES COTTON MIDDLE EAST (FZC) (previously known as ASCOT INTERNATIONAL FZC)** as at 31 March 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our audit opinion, we draw attention to Note 2 (b) to the financial statements, which states that the company has accumulated losses of AED 1,186,316, net deficit in shareholders' funds of AED 1,036,316 and its current liabilities exceed its current assets by AED 887,972 as at 31 March 2014. However the financial statements have been prepared on a going concern basis as the shareholders have agreed to continue with the business operations and have agreed to provide their continuing financial support to the company to enable the company to discharge its liabilities as and when they fall due.

Report on other legal and regulatory requirements
The net assets of the company are below 75% of its share capital, and the directors are required to intimate the Sharjah Airport International Free Zone Authority and take steps to remedy the situation in accordance with the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995.

We confirm that except for the matter stated above, the financial statements comply with Implementation Procedures issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995; we have obtained all the information and explanations necessary for our audit and proper books of account and other records have been maintained in accordance with the said regulation.

For PKF

SDPereira

S. D. Pereira
Partner
Auditor registration no. 552
Sharjah
United Arab Emirates
21 April 2014

GREAVES COTTON MIDDLE EAST (FZC)

(Previously known as ASCOT INTERNATIONAL FZC)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Notes	2014 AED	2013 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	**77,134**	56,860
Current assets			
Inventories	7	**3,605,698**	3,206,831
Trade and other receivables	8	**2,557,447**	1,952,228
Amount due from related party	9	**25,864**	12,711
Cash and cash equivalents	10	**104,180**	457,824
		6,293,189	5,629,594
Total assets		**6,370,323**	5,686,454
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	11	**150,000**	150,000
Accumulated losses		**(1,186,316)**	(563,950)
Total shareholders' funds – (deficit)		**(1,036,316)**	(413,950)
Non-current liabilities			
Long term borrowings	12	**11,395**	22,299
Provision for staff end-of-service gratuity	13	**214,083**	133,325
		225,478	155,624
Current liabilities			
Short term borrowings	14	**9,793**	8,871
Trade and other payables	15	**7,171,368**	5,935,909
		7,181,161	5,944,780
Total liabilities		**7,406,639**	6,100,404
Total equity and liabilities		**6,370,323**	5,686,454

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 and 2.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the directors on 14 April 2014.

For **GREAVES COTTON MIDDLE EAST (FZC)**
(Previously known as ASCOT INTERNATIONAL FZC)

Sunil Pahilajani

DIRECTORS

GREAVES COTTON MIDDLE EAST (FZC)
(Previously known as ASCOT INTERNATIONAL FZC)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 AED	2013 AED
Revenue		**8,734,090**	9,137,201
Purchases of inventory		**(7,008,556)**	(8,629,810)
Changes in inventories		**398,867**	1,695,088
Gross profit		**2,124,401**	2,202,479
Other operating income	17	**470,542**	362,822
Staff costs	18	**(1,697,153)**	(1,338,841)
Depreciation	6	**(36,526)**	(32,082)
Other operating expenses	19	**(1,482,010)**	(1,163,354)
Finance costs	20	**(1,620)**	(1,715)
(LOSS)/PROFIT FOR THE YEAR		**(622,366)**	29,309
Other comprehensive income:			
Other comprehensive income for the year		**--**	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(622,366)**	29,309

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 and 2.

GREAVES COTTON MIDDLE EAST (FZC)

(Previously known as ASCOT INTERNATIONAL FZC)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Share capital AED	Accumulated losses AED	Total AED
Balance at 1 April 2012	150,000	(593,259)	(443,259)
Total comprehensive income for the year	--	29,309	29,309
Balance at 31 March 2013	150,000	(563,950)	(413,950)
Total comprehensive income for the year	--	(622,366)	(622,366)
Balance at 31 March 2014	**150,000**	**(1,186,316)**	**(1,036,316)**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 and 2.

GREAVES COTTON MIDDLE EAST (FZC)
(Previously known as ASCOT INTERNATIONAL FZC)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 AED	2013 AED
Cash flows from operating activities		
(Loss)/profit for the year	(622,366)	29,309
Adjustments for:		
Depreciation of property, plant and equipment	36,526	32,082
Finance costs	1,620	1,715
Provision for staff gratuity	80,758	55,880
Provision for doubtful debts written back	(36,605)	(31,633)
Profit on sale of property, plant and equipment	(23,000)	(17,000)
	(563,067)	70,353
Increase in inventories	(398,867)	(1,584,460)
Increase in trade and other receivables	(568,614)	(538,972)
Increase in trade and other payables	1,235,459	2,277,180
Staff end-of service gratuity paid	--	(23,270)
Cash (used in)/generated from operations	(295,089)	200,831
Interest paid	(1,620)	(1,715)
Net cash (used in)/from operating activities	(296,709)	199,116
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	23,000	17,000
Purchase of property, plant and equipment	(56,800)	(52,734)
Increase in amount due from a related party	(13,153)	(12,711)
Net cash used in investing activities	(46,953)	(48,445)
Cash flows from financing activities		
Receipts from vehicle loans	--	40,500
Repayment of vehicle loans	(9,982)	(18,547)
Net cash (used in)/from financing activities	(9,982)	21,953
Net (decrease)/increase in cash and cash equivalents	(353,644)	172,624
Cash and cash equivalents at beginning of year	457,824	285,200
Cash and cash equivalents at end of year (note 10)	104,180	457,824

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 and 2.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **GREAVES COTTON MIDDLE EAST (FZC) (Previously known as ASCOT INTERNATIONAL FZC)** is a Free Zone Company incorporated on 16 May 2004 in the Sharjah Airport International Free Zone, Sharjah, United Arab Emirates pursuant to Law No. 2 of 1995 of H.H. Sheikh Sultan Bin Mohammed Al Qassimi, The Ruler of Sharjah. The registered office is P. O. Box 8241, Sharjah, United Arab Emirates.

b) During the year, with effect from 21 July 2013, the name of the company was changed from Ascot International (FZC) to Greaves Cotton Middle East (FZC), as amended in the Sharjah Free Zone register.

c) The company has a general trading license and trades in gensets, spares and other related materials.

d) On 29 December 2013, ninety (90) shares of the company were transferred from Greaves Cotton Netherlands B.V. to Greaves Leasing Finance Limited.

Accordingly the present shareholders of the company are as follows:

Name	Country of incorporation	Percentage of shares
Greaves Leasing Finance Limited	India	90%
Greaves Cotton Limited	India	10%

The parent company is Greaves Leasing Finance Limited. However, Greaves Cotton Limited is considered to be the ultimate parent company as Greaves Leasing Finance Limited is a wholly owned subsidiary of Greaves Cotton Limited.

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 periods beginning on or after 1 April 2013 and the laws of Sharjah Airport International Free Zone Authority.

b) **Basis of measurement**

The financial statements are prepared using historical cost.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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.

As at the reporting date, the company has accumulated losses of AED 1,186,316, deficit in shareholders' funds of AED 1,036,316 and its current liabilities exceed its current assets by AED 887,972. However, the shareholders have agreed to continue with the operations of the company and have agreed to provide continuing financial support to enable the company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

c) **Adoption of new International Financial Reporting Standards**

Standards and interpretations effective for the current year

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

- IFRS 13: Fair Value Measurement

  IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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.

  In accordance with the transitional provisions of IFRS 13, the company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Other than the additional disclosures mentioned above, the change had no significant impact on the measurement of the company's assets and liabilities.

- Annual improvements to IFRSs 2009-2011 cycle
  - IAS 1: Presentation of Financial Statements: The improvements provide that the entity is required to present third statement of financial position only when:

    a) the entity applies the accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements; and
    b) the retrospective application, restatement or reclassification has material effect on the information in the third statement of financial position.

  The amendments specify that related notes are not required to accompany the third statement of financial position.

  In the current year, the company has applied certain new and revised IFRSs (see above). However there has not been any impact on the information in the statement of financial position as at 1 April 2012 and accordingly the third statement of financial position has not been presented.

- IAS 16: Property, Plant and Equipment: The improvements to IAS 16 provide that spare parts, standby equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise.

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- IFRS 9: Financial instruments: (1 January 2015)
  IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

- Amendments to IAS 32: Offsetting Financial Assets and Liabilities (1 January 2014)
  The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and liabilities.

d) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Furniture, fixtures and office equipment	5 years
Motor vehicles	4 years

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost, in the case of inventories of gensets is arrived at using the specific identification method and for spares using the First-In First-Out (FIFO) method. Cost comprises invoice value plus applicable landing charges less discounts. Net realizable value is based on estimated selling price less any estimated cost of disposal.

c) **Staff end-of-service gratuity**

Provision is made for end-of-service gratuity payable to the staff at the reporting date in accordance with the local labour laws.

d) **Revenue**

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

Sale of goods

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales invoice, that significant risks and rewards of ownership have been transferred to the buyer.

Commission income

Commission income is recognised on the basis of agreements with suppliers based on the percentage of direct sales made by such suppliers to the customers in the company's territory.

e) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

f) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

g) **Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset upto the date the qualifying asset is ready for use.

h) **Provisions**

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Loans and receivables

Trade and other receivables

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

Related party receivables

Related party receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank current accounts.

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Interest-bearing liabilities

Interest-bearing liabilities are initially recognized at fair value, net of transaction costs incurred. Subsequently these are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Equity

Equity instruments issued by the company are recorded at the value of proceeds received towards interest in share capital of the company.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

j) **Fair value measurement**

The establishment discloses the fair value of financial instruments measured at amortised cost.

The 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

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

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss 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.

5. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the company's inventory, stated at AED 3,614,192 (previous year AED 3,215,325) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment of loans and other receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties (see note 8) or from related parties (see note 9) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

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

Staff end-of-service gratuity

The company computes the provision for the liability to staff end-of-service gratuity stated at AED 214,083 (previous year AED 133,325), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixture and office equipment AED	Motor vehicles AED	Total AED
Cost			
At 1 April 2012	57,164	107,500	164,664
Additions	7,734	45,000	52,734
Disposals	--	(53,000)	(53,000)
Assets discarded	(12,068)	--	(12,068)
At 31 March 2013	52,830	99,500	152,330
Additions	56,800	--	56,800
Disposals	--	(54,500)	(54,500)
At 31 March 2014	**109,630**	**45,000**	**154,630**
Accumulated depreciation and impairment losses			
At 1 April 2012	39,123	89,333	128,456
Depreciation	7,207	24,875	32,082
Adjustment on disposals	--	(53,000)	(53,000)
Adjustment on assets discarded	(12,068)	--	(12,068)
At 31 March 2013	34,262	61,208	95,470
Depreciation	20,734	15,792	36,526
Adjustment on disposals	--	(54,500)	(54,500)
At 31 March 2014	**54,996**	**22,500**	**77,496**
Carrying amount			
At 1 April 2012	18,041	18,167	36,208
At 31 March 2013	18,568	38,292	56,860
At 31 March 2014	**54,634**	**22,500**	**77,134**

7. INVENTORIES

	2014 AED	2013 AED
Goods held for sale	**3,614,192**	3,215,325
Less: provision for obsolete inventories	**(8,494)**	(8,494)
	3,605,698	3,206,831

	2014 AED	2013 AED
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	2,468,073	1,980,382
Less: Provision for impairment of trade receivables	(150,962)	(187,567)
	2,317,111	1,792,815
Advances	20,921	14,321
Prepayments	113,952	60,707
Other receivables	2,822	2,150
Deposits	102,641	82,235
	2,557,447	1,952,228

A reconciliation of the movements in the provision for impairment of trade receivables account is as follows:

	2014 AED	2013 AED
At 1 April	187,567	213,165
Provisions made during the year	--	6,035
Provision no longer required	(36,605)	(31,633)
At 31 March	150,962	187,567

An age analysis of trade receivables that are past due but not impaired is as follows:

	2014 AED	2013 AED
0 to 30 days	149,032	184,043
Over 30 days	465,910	119,313

An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

	2014 AED	2013 AED
Gross value	150,962	187,567
Provision	(150,962)	(187,567)
Carrying value	--	--
Trade receivables not past due and not impaired	1,702,169	1,489,459

The company holds post-dated cheques amounting to AED 593,923 (previous year AED 204,575) as security against past due but not impaired receivables.

9. RELATED PARTIES

The company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company, fellow subsidiary and companies under common ownership and/or common management control.

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

	Parent company	Fellow subsidiary	Other related parties	Total 2014	Total 2013
	AED	AED	AED	AED	AED
Trade and other receivables	--	--	2,822	2,822	
	6,570	--	2,150		8,720
Due from a related party	25,864	--	--	25,864	
	12,711	--	--		12,711
Trade and other payables	6,823,247	--	--	6,823,247	
	5,701,336	18,396	--		5,719,732

All balances are unsecured and are expected to be settled in cash. Other terms are set out in note 21.

Significant transactions with related parties during the year were as follows:

	Parent company	Fellow subsidiary	Other related parties	Total 2014	Total 2013
	AED	AED	AED	AED	AED
Purchases	6,442,295	--	--	6,442,295	
	8,045,737	18,396	20,805		8,084,938
Consultancy fees	--	--	350,864	350,864	
	--	--	231,341		231,341
Commission income	59,573	--	--	59,573	
	6,570	--	--		6,570

The company receives funds from related parties as working capital facilities free of interest.

		2014 AED	2013 AED
10.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	**14,543**	5,115
	Bank balances in current accounts	**89,637**	452,709
		104,180	457,824
11.	**SHARE CAPITAL**		
	Issued and paid up		
	100 shares of AED 1,500 each	**150,000**	150,000
12.	**LONG TERM BORROWINGS**		
	Vehicle loan from Emirates Islamic Bank	**21,188**	31,170
	Less: Current portion (note 14)	**(9,793)**	(8,871)
		11,395	22,299

Vehicle loan is secured upon the related vehicle having cost of AED 45,000 (previous year AED 45,000) and net book value of AED 22,500 (previous year AED 33,750). Vehicle loan is repayable in monthly instalments.

A maturity analysis of total bank borrowings is as follows:

		2014 AED	2013 AED
	0 – 1 month	**780**	706
	1 – 3 months	**1,579**	1,430
	3 months – 1 year	**7,434**	6,735
	Presented as current liabilities (note 14)	**9,793**	8,871
	1 year – 5 years	**11,395**	22,299
	Total	**21,188**	31,170
13.	**PROVISION FOR STAFF END-OF-SERVICE GRATUITY**		
	At 1 April	**133,325**	100,715
	Provision for the year	**80,758**	55,880
	Paid during the year	**--**	(23,270)
	At 31 March	**214,083**	133,325
14.	**SHORT TERM BORROWINGS**		
	Current portion of vehicle loan (note 12)	**9,793**	8,871

		2014	2013
		AED	AED
15.	**TRADE AND OTHER PAYABLES**		
	Trade payables	6,890,650	5,730,732
	Accruals	275,598	155,585
	Advances received from customers	5,120	49,592
		7,171,368	5,935,909

The entire trade and other payables are due for payment in one year.

16. MANAGEMENT OF CAPITAL

The company's objectives when managing capital are to ensure that the company continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises shareholders' funds as presented in the statement of financial position together with amount due from related party. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The company is subject to externally imposed capital requirements as per the Implementation Procedures issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995. The company has not complied with all the capital requirements to which it is subject.

		2014	2013
17.	**OTHER OPERATING INCOME**		
	Profit on disposal of property, plant and equipment	23,000	17,000
	Commission income	59,573	6,570
	Consultancy fees	350,864	231,341
	Credit balances written back	--	74,778
	Write back of doubtful debts provision	36,605	31,633
	Other income	500	1,500
		470,542	362,822
18.	**STAFF COSTS**		
	Staff salaries and benefits	1,616,395	1,282,961
	Staff end-of-service gratuity	80,758	55,880
		1,697,153	1,338,841

		2014	2013
		AED	AED
19.	**OTHER OPERATING EXPENSES**		
	Operating lease expenses	160,048	91,896
	Provision for impairment of trade receivables	--	6,035
	Other expenses	1,321,962	1,065,423
		1,482,010	1,163,354
20.	**FINANCE COSTS**		
	On vehicle loans	1,620	1,715

21. **FINANCIAL INSTRUMENTS**

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		At amortised cost	
	2014	2013	2014	2013
	AED	AED	AED	AED
Trade and other receivables	2,422,574	1,880,450	--	--
Amount due from a related party	25,864	12,711	--	--
Cash and cash equivalents	104,180	457,824	--	--
Bank borrowings	--	--	21,188	31,170
Trade and other payables	--	--	7,011,965	5,860,836
	2,552,618	2,350,985	7,033,153	5,892,006

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

The company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirham is pegged.

Exposures to the aforementioned risks are detailed below:

Credit risk
Financial assets that potentially expose the company to concentrations of credit risk comprise principally bank accounts, trade and other receivables and amounts due from a related party.

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

Amount due from a related party and trade and other receivables are stated net of the allowance for doubtful recoveries. At the reporting date, the company's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	2014 AED	2013 AED
India	--	6,570
GCC	838,741	319,874

At the reporting date 41% of trade receivables were due from three customers (previous year 65% due from three customers).

At the reporting date, 100% of amount due from related party is due from one party (previous year 100% due from related party).

Significant concentrations of credit risk by industry are as follows:

	2014	2013
Trading industry	966,193	1,143,082
Construction industry	534,256	489,344
Service industry	665,352	14,128
Manufacturing industry	302,272	333,829

Currency risk
There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

Interest rate risk

Vehicle loans are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

Fair values

The 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. The fair values of the company's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

For **GREAVES COTTON MIDDLE EAST (FZC)**
(Previously known as ASCOT INTERNATIONAL FZC)

Sunil Pahilajani

DIRECTORS