

**MODERN PRODUCTION FZ LLC**  
**Abu Dhabi - UNITED ARAB EMIRATES**  
**AUDITORS' REPORT & FINANCIAL STATEMENTS**  
**31 MARCH 2025**

**Private & Confidential**

**MODERN PRODUCTION FZ LLC**

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## INDEPENDENT AUDITOR'S REPORT

**The Shareholders**  
**MODERN PRODUCTION FZ LLC**  
**Abu Dhabi, U.A.E.**

**Report on the audit of the financial statements of MODERN PRODUCTION FZ LLC for the year ended 31 March, 2025.**

### Opinion

We have audited the accompanying financial statements of MODERN PRODUCTION FZ LLC, which comprise of the statement of financial position as at 31 March, 2025, statement of comprehensive income, statement of changes in equity, statement of cash flow for the period then ended and summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements are presented fairly, in all material respects, the financial position of the entity as at 31 March, 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditors Responsibilities for the audit of the financial statements of our report. We are independent of the Establishment in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and we have fulfilled our responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Responsibilities of the management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS 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, the management is responsible for assessing the Establishment's ability to continue as a going concern, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

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



#### **Auditors responsibilities for the audit of the financial statements**

Objectives of our audit 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 ISA's 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 ISA's, we exercise professional judgement 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 Establishment'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 Establishment'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 Establishment to cease to continue as a going concern.

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.

Fahad Saleh Ali Mohammad Hall  
License No. 814  
NBN Auditing of Accounts LLC  
Dubai, United Arab Emirates  
Date: 27.05.2025



## **MODERN PRODUCTION FZ LLC**

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### **COMPANY INFORMATION**

#### **MANAGER**

The company is controlled and managed by Mr. Vashu Lilaram Bhagnani

#### **Shareholders**

Vashu Bhagnani Industries Limited

#### **Principal business**

The Principal activity of the MODERN PRODUCTION FZ LLC is trading of Content Production-Audio Visual Cinema Films Production, Television Programs and Series Production, Documentary Films Photography, under license no. b.l.530/18. Company's registered office, PO Box: 769498, Abu Dhabi, United Arab Emirates

#### **Legal Status**

MODERN PRODUCTION FZ LLC (the Company) was registered on 29th February, 2018 as a Free Zone Company with Media Zone Authority, Abudhabi.

#### **Auditors**

**NBN Auditing of Accounts**  
Dubai, U.A.E.

## **MODERN PRODUCTION FZ LLC**

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### **MANAGEMENT REPORT**

The management is pleased to present their report together with audited financial statements of the company for the year ended March 31, 2025.

#### **Principal activities**

The Principal activity of the MODERN PRODUCTION FZ LLC is trading of Content Production-Audio Visual Cinema Films Production, Television Programs and Series Production, Documentary Films Photography, under license no. b.l.530/18.

#### **Events subsequent to the balance sheet date**

There were no major events which occurred since the year end that materially affect the financial position of the company.

#### **Auditors**

The company's auditors, NBN Auditing of Accounts, now retire and being eligible, offer themselves for re-appointment.

#### **Acknowledgement**

The company takes this opportunity to place on record their gratitude to the various government departments, banks, professionals and business associates for their continued assistance and support extended to the entity. The Establishment's also wish to express their appreciation to the employees at all levels for their hard work, dedication & commitment.

**For MODERN PRODUCTION FZ LLC**

**Abu Dhabi, U.A.E.**



**Authorized Signatory**

**MODERN PRODUCTION FZ LLC**  
**STATEMENT OF FINANCIAL POSITION AS ON 31st March, 2025**

	Note	2025 AED	2024 AED
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	-	-
<b>CURRENT ASSETS</b>			
Trade receivables	6	16,193,646	13,200,449
Cash and cash equivalents	8	25,549.00	25,549
<b>TOTAL CURRENT ASSETS</b>		<b>16,219,195.24</b>	<b>13,225,998</b>
<b>TOTAL ASSETS</b>		<b>16,219,195.24</b>	<b>13,225,998</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short term bank borrowing	15	-	-
Trade and other payables	16	10,892,952	10,412,952
		<b>10,892,952</b>	<b>10,412,952</b>
<b>Non-current liability</b>			
Provision for employees benefits	13	-	-
Long term bank borrowing	14	-	-
		-	-
<b>TOTAL LIABILITIES</b>		<b>10,892,952</b>	<b>10,412,952</b>
<b>EQUITY FUNDS</b>			
Share capital	9	685,000	685,000
Retained earnings	11	4,641,243.24	2,128,046
Partners' current account	12	-	-
<b>TOTAL EQUITY</b>		<b>5,326,243.24</b>	<b>2,813,046</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,219,195.24</b>	<b>13,225,998</b>

The annexed notes form an integral part of these financial statements.

For MODERN PRODUCTION FZ LLC  
 Abu Dhabi, U.A.E.



Authorized Signatory



**MODERN PRODUCTION FZ LLC**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st March, 2025**

	Note	31st March 2025	31st March 2024
		AED	AED
SALES	17	2,993,197	697,328
Cost of sales	18	-	-
<b>GROSS PROFIT</b>		<b>2,993,197</b>	<b>697,328</b>
Other income			
Administration Expenses	19	(480,000)	(480,000)
Depreciation	3	-	-
Finance cost	20	-	-
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>2,513,197</b>	<b>217,328</b>

The annexed notes form an integral part of these financial statements.

For MODERN PRODUCTION FZ LLC  
Abu Dhabi, U.A.E.



Authorized Signatory



**MODERN PRODUCTION FZ LLC**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2025**

	Share capital	Statutory reserves	Retained earnings	Shareholders current account	Total
Balance as on 1st April 2024	685,000	-	2,128,046	-	2,813,046
Profit for the year	-	-	2,513,197	-	2,513,197
Transfer to current account	-	-	-	-	-
Net movements	-	-	-	-	-
<b>Balance as on 31st March 2025</b>	<b>685,000</b>	<b>-</b>	<b>4,641,243</b>	<b>-</b>	<b>5,326,243</b>

The annexed notes form an integral part of these financial statements.

For MODERN PRODUCTION FZ LLC  
 Abu Dhabi, U.A.E.

  
 Authorized Signatory



**MODERN PRODUCTION FZ LLC**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st March, 2025**

Note	31st March 2025	31st March 2024
	AED	AED
<b>Cash flows from operating activities</b>		
NET PROFIT / (LOSS) FOR THE YEAR	2,513,197.24	217,328
<b>Adjustments for:</b>		
Depreciation 3	-	-
Finance cost	-	-
Employee end of services	-	-
<b>Operating Profit before changes in working capital</b>	<b>2,513,197.24</b>	<b>217,328</b>
<b>Changes in working capital</b>		
(Increase) / Decrease in work in progress	-	-
(Increase) / Decrease in inventories	-	-
(Increase) / Decrease in trade receivables	(2,993,197.24)	(697,328)
(Increase) / Decrease in deposits, advances & prepayments	-	-
Increase / (Decrease) in trade & other payables	480,000	480,000
Finance cost paid	-	-
Increase / (Decrease) in accrued and other payables	-	-
<b>Cash flow (used in) / from operating activities</b>	<b>-</b>	<b>-</b>
Finance costs paid	-	-
<b>Net Cash flow (used in) / from operating activities (A)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>		
Net purchase of assets	-	-
Disposal of assets net	-	-
<b>Net cash flow used in investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds / (Repayment) of bank borrowings	-	-
Net Movement	-	-
Net movements in shareholders current account	-	-
<b>Net cash flow from financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>25,549</b>	<b>25,549</b>
Cash and cash equivalents at beginning of the year	-	-
<b>Cash and cash equivalents at end of the year</b>	<b>25,549.00</b>	<b>25,549</b>

The annexed notes form an integral part of these financial statements.

For MODERN PRODUCTION FZ LLC  
 Abu Dhabi, U.A.E.



Authorized Signatory



## MODERN PRODUCTION FZ LLC

### Significant accounting policies for the year ended March 31, 2025

These financial statements have been prepared for the year ended 31 March, 2025.

#### 1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT

##### 1.1 Legal status

MODERN PRODUCTION FZ LLC (the Company) was registered on 29th February, 2018 as a Free Zone Company with Media Zone Authority, Abudhabi.

##### 1.2 Activities

The Principal activity of the MODERN PRODUCTION FZ LLC is trading of Content Production-Audio Visual Cinema Films Production, Television Programs and Series Production, Documentary Films Photography, under license no. b.l.530/18. Company's registered office, PO Box: 769498, Abu

##### 1.3 Management

"The company is controlled and managed by Mr. Vashu Lilaram Bhagnani", through out the year.

#### 2 Share capital

The shareholding of the company is as follows:

Name	Nationality	No . of shares	Total AED
Vashu Bhagnani Industries Limited		6850	685000
		<b>6,850</b>	<b>685,000</b>

The paid up share capital of the company is AED 685,000/- divided into 6850- shares of AED 100/- each.

##### 2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

The financial statements are prepared under the historical cost convention.

##### 2.2 Adoption of new and revised international financial reporting standards (IFRS)

###### (a) New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in this financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

- i IFRS 14 Regulatory Deferral Accounts
- ii Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative

- iii Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations
- iv Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization
- v Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- vi Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- vii Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

**(b) New and revised IFRSs in issue but not yet effective**

**New standards and significant amendments to standards applicable to the Establishment**

Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28. The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017.

Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments to IAS 7 are effective for the annual period on or after 1 January 2017.

Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments to IAS 40 are effective for the annual period on or after 1 January 2018.

IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.

IFRS 9 *Financial Instruments (2009)* issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments (2010)* revised in 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*. The amendments to IFRS 9 are effective for the annual period on or after 1 January 2018.

IFRS 16-Leases specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 month or less or the underlying assets has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The amendments to IFRS 16 are effective for the annual period on or after 1 January 2018.

In May 2014, IFRS 15 Revenue from contracts with customers was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The amendments to IFRS 15 are effective for the annual period on or after 1 January 2018.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Management anticipates that these new standards, interpretations and amendments will be adopted in the Establishment's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is not expected to have any material impact on the financial statements of the Establishment in the period of their initial application.

### 2.3 Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing 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 judgements in applying accounting policies (that have the most significant effect on the amount recognized in the financial statements) are discussed in Note 19.

#### 2.4 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Establishment and the revenue can be reliably measured regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Establishment assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Establishment has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

##### *Rendering from sale of goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer.

#### 2.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

An item of property and equipment is derecognized upon disposal or when no future benefits are

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

#### 2.6 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

#### 2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

#### 2.8 Accounts payable and accruals

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

#### 2.9 Provisions

Provisions are recognized when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Establishment expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

#### 2.10 Employees' end of service benefits

The Establishment provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

#### 2.11 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

#### 2.12 Foreign currencies

Transactions in foreign currencies are initially recorded by the Establishment at the currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

#### 2.13 Offsetting of financial instruments

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

#### 2.14 Financial assets

##### Initial recognition and measurement

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

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

##### Subsequent measurement

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

##### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Establishment that are not designated as hedging instruments in hedge relationships as defined by IFRS 39.

The Establishment has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognized in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

**(b) Loans and receivables**

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

**Derecognition**

A financial asset is derecognized where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

All regular way purchases and sales of financial assets are recognized or derecognized on the trade date i.e., the date that the Establishment commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

#### 2.15 Impairment of financial assets

The Establishment assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

##### (a) Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Establishment first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Establishment determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Establishment considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date. The amount of reversal is recognized in profit or loss.

##### (b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are recognized on the balance sheet when, and only when, the Establishment becomes a party to the contractual provisions of the financial instrument. The Establishment determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Establishment that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognized in profit or loss.

The Establishment has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

##### **Other financial liabilities**

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

##### **Derecognition**

A financial liability is derecognized 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### **2.17 Share capital**

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### 2.18 Statutory reserve

As required by the Memorandum and Articles of association of the Establishment, at least 10% of the net profit for each year is required to be transferred to statutory reserve until such reserve reaches half of the capital. The reserve is not available for distribution except in the circumstances stipulated by the Law.

#### 2.19 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Establishment; or
- (b) a present obligation that arises from past events but is not recognized because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Establishment.

Contingent liabilities and assets are not recognized on the balance sheet of the Establishment, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

The preparation of the Establishment's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Notes	March-25	March-24
	AED	AED
<b>3 Property, plant and equipment</b>		
See separate schedule attached page no. 16	0	0
	<u>0</u>	<u>0</u>
<b>4 Work in progress</b>		
Work in progress	0	0
	<u>0</u>	<u>0</u>
<b>5 Inventories</b>		
Inventory	0	0
	<u>0</u>	<u>0</u>

Notes	March-25	March-24
	AED	AED
<b>6 Trade receivables</b>		
Trade receivables	13,749,068	10,755,871
Loans & Advances	2,444,578	2,444,578
	<b>16,193,646</b>	<b>13,200,449</b>
<b>7 Other receivables</b>		
Deposits	-	-
Prepayments & other receivables	-	-
Advances to Staff	-	-
Advances to Suppliers	-	-
Margin	-	-
Retention money	-	-
	<b>-</b>	<b>-</b>
<b>8 Cash and cash equivalents</b>		
Cash & Bank balance	25,549	25,549
	<b>25,549</b>	<b>25,549</b>

"The Company places its bank accounts with reputed banks".

**9 Share capital**

The authorized, issued and paid up share capital of the company is AED 300,000 consisting of 300 shares of AED 1,000 each. Their interest in the share capital of the Company as at that date were as follows:

follows:

Name	Nationality	Percentage	AED	AED
Vashu Bhagnani Industries Limited		100%	685,000	685,000
			<b>685,000</b>	<b>685,000</b>

Notes	March-25	March-24
	AED	AED
<b>11 Retained earnings</b>		
Opening Balance	2,128,046	1,910,718
Transfer to current a/c	-	-
Net profit for the year	2,513,197	217,328
Closing Balance	<u>4,641,243</u>	<u>2,128,046</u>
<b>12 Current account</b>		
Opening Balance	-	-
Transfer from retained earnings	-	-
Net Movement	-	-
Closing Balance	<u>-</u>	<u>-</u>
<b>13 Provision for employee benefits</b>		
Opening balance	-	-
Gratuity expense for the year	-	-
Closing balance	<u>-</u>	<u>-</u>
<b>14 Long term bank borrowing</b>		
Vehicle loan	-	-
	<u>-</u>	<u>-</u>
<b>15 Short term bank borrowing</b>		
Vehicle loan	-	-
Cheque discounting	-	-
	<u>-</u>	<u>-</u>
<b>16 Trade and other payables</b>		
Trade payables	8,042,494	8,042,494
Other payables	2,850,458	2,370,458
	<u>10,892,952</u>	<u>10,412,952</u>
<b>17 Revenue</b>		
Revenue from Service Activities	2,993,197	697,328
	<u>2,993,197</u>	<u>697,328</u>
<b>18 Cost of Sales</b>		
Opening stock	-	-
Purchase and direct expenses	-	-
Hiring expenses	-	-
Depreciation on Heavy Motor Vehicle	-	-
Less Closing stock	-	-
	<u>-</u>	<u>-</u>

Notes	March-25	March-24
	AED	AED
<b>19 Administration Expenses</b>		
Salaries and other benefits	480,000	480,000
	<u>480,000</u>	<u>480,000</u>
<b>20 Finance cost</b>		
Interest & Bank charges	0	0
	<u>0</u>	<u>0</u>
<b>21 Financial instruments</b>		
<p>Financial instruments comprises of financial assets and financial liabilities. Financial assets and financial liabilities are recognized on the company's balance sheet when it has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, contractual right to receive cash or other financial assets, a contractual right to exchange financial instruments under conditions that are potentially favourable or any equity instrument. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable. The fair value of financial assets and financial liabilities equals their carrying values.</p>		
<b>22 Risk management :</b>		
<b>Credit risk</b>		
<p>The company's exposure to credit risk is concentrated on bank balances, trade receivables, supplier advances and other advances and deposits.</p> <p>The company's bank accounts are with local branches of banks operating in the U.A.E. Trade receivables are stated at realizable value net of allowance and bad debts. Supplier advances are on open accounts without security. The management confirms that the suppliers are regular. Deposits with government departments are refundable and secured and other deposits are miscellaneous refundable deposits.</p>		
<b>Interest risk</b>		
<p>The bank borrowings consist of term loans, overdraft and trust receipts. Interest on term loans is at a fixed rate for the entire period of the loan. Interest on bank overdraft and trust receipt is minimal.</p>		
<b>Fair values</b>		
<p>At the balance sheet date, the fair values of financial assets and liabilities, if any, approximate to their carrying amounts and have been very carefully scrutinized by the management for their correctness.</p>		

## Notes

- 23 **Employee terminal benefits**  
The company has to provide end of service benefits to its employees according to the UAE labour law. However, the company pays the entitlements as and when the employee service is terminated and accounted on accrual basis. Provision has been estimated and provided during the current year.
- 24 **Comparative figure**  
The fiscal period covers the period of 12 months from 01 January 2023 to 31 December 2023. Previous year's figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. Figures of the company have been rounded off to nearest AED 1/-.

The annexed notes 1 to 24 forms an integral part of these financial statements.