

**BLUE WATER TRADING  
& TREATMENT (FZE)  
SAIF ZONE  
SHARJAH  
UNITED ARAB EMIRATES  
FINANCIAL STATEMENTS  
MARCH 31, 2023**

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## CONTENTS

## PAGES

Independent Auditor's Report	1-3
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Statement of Changes in Equity	7
Notes to Financial Statements	8-20

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDER OF  
BLUE WATER TRADING & TREATMENT (FZE)  
SAIF ZONE  
SHARJAH, UNITED ARAB EMIRATES**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of Blue Water Trading & Treatment (FZE), Saif Zone, Sharjah, United Arab Emirates (the 'Company'), which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the interim financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to the audit of the Company's interim financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of the Management for the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the provisions of the implementing rules and regulations of Sharjah Airport International Free Zone Authority pursuant to Sharjah Emiri Decree No. 2 of 1995 as amended by Sharjah Executive Council Resolution No. (1) of 2000, applicable for entities in Sharjah Airport International Free Zone, Sharjah, and for such internal controls as the Management determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the Management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. (1).



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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. 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 this financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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



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## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the provisions of the Implementing Rules and Regulations issued by the Sharjah Airport International Free Zone Authority pursuant to Sharjah Emiri Decree No. 2 of 1995 as amended by Sharjah Executive Council Resolution No. (1) of 2000 applicable for entities in Sharjah Airport International Free Zone, Sharjah, we further confirm that:

1. We have obtained all the information and explanations necessary for our audit.
2. We are not aware of any contraventions of the above-mentioned law which may have materially affected the financial position of the Company or the result of its operations for the period.

**For Ethics Plus Public Accountants**



**A.R. Ramachandran**  
Registered Auditor Number 433  
August 05, 2023



(3)



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**STATEMENT OF FINANCIAL POSITION**


**As at March 31, 2023**

	Notes	31.03.2023 AED	31.03.2022 AED
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipments (net)	5	15,535,173	17,734,556
Right of use assets		-	3,787
Other financial assets	6	64,725	56,189
Other non - current assets	7	-	448,322
		<u>15,599,898</u>	<u>18,242,854</u>
<b>Current assets:</b>			
Inventory	8	17,206,170	15,922,335
<b>Financial assets</b>			
Trade receivables	9	5,655,904	11,835,113
Cash and cash equivalents	10	3,772,178	3,394,714
Bank balances other than cash and cash equivalents	11	7,617,887	2,111,811
Other financial assets	12	98,722	70,401
Other current assets	13	1,797,950	863,916
		<u>36,148,811</u>	<u>34,198,288</u>
<b>Total assets</b>		<u>51,748,709</u>	<u>52,441,143</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Other equity		42,830,257	41,417,270
Equity share capital	14	150,000	150,000
<b>Total equity</b>		<u>42,980,257</u>	<u>41,567,270</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Borrowings	15	7,071,711	7,044,735
Trade accounts payables	16	1,696,741	3,829,137
		<u>8,768,452</u>	<u>10,873,872</u>
<b>Total liabilities</b>		<u>8,768,452</u>	<u>10,873,872</u>
<b>NET ASSETS</b>		<u>42,980,257</u>	<u>41,567,270</u>

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

These financial statements were approved on August 05, 2023 and signed by:

For and on behalf of Blue Water Trading & Treatment (FZE), SAIF Zone, Sharjah

  
 .....  
 Mr. Ashish Singal (Authorized signatory)



The attached notes 1 to 29 form part of these financial statements.



**STATEMENT OF COMPREHENSIVE INCOME**

**Year ended March 31, 2023**

	Notes	31.03.2023 AED	31.03.2022 AED
Revenue from operations	17	26,213,178	34,881,130
Other income	18	51,537	13,515
<b>Total income</b>		<b>26,264,715</b>	<b>34,894,646</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	19	16,982,758	22,479,883
Employee benefits expense	20	2,430,768	2,644,287
Finance costs	21	711,551	814,445
Depreciation and amortisation expenses	22	2,214,230	2,075,649
Other expenses	23	2,512,421	3,388,390
<b>Total expenses</b>		<b>24,851,728</b>	<b>31,402,654</b>
<b>Profit / (loss) before tax</b>		<b>1,412,987</b>	<b>3,491,992</b>
Profit / (loss) for the year		1,412,987	3,491,992
<b>Profit / (loss) for the year from continuing operations</b>		<b>1,412,987</b>	<b>3,491,992</b>
<b>Total Comprehensive Income for the year</b>		<b>1,412,987</b>	<b>3,491,992</b>

These financial statements were approved on August 05, 2023 and signed by:

For and on behalf of Blue Water Trading & Treatment (FZE), SAIF Zone, Sharjah



Mr. Ashish Singal (Authorized signatory)



*The attached notes 1 to 29 form part of these financial statements.*





**STATEMENT OF CASH FLOWS**

**Year ended March 31, 2023**

	31.03.2023 AED	31.03.2022 AED
<b>OPERATING ACTIVITIES</b>		
Net income for the year	1,412,987	3,491,992
<i>Adjustments for:</i>		
Depreciation and amortisation expenses	2,214,230	2,075,649
<b>Cash from operations before working capital changes</b>	<b>3,627,217</b>	<b>5,567,640</b>
Inventory	(1,283,835)	(5,517,123)
Trade receivables	6,179,209	4,324,305
Loans	-	3,849,825
Other financial assets	(36,857)	43,144
Other current assets	(485,712)	56,544
Trade accounts payables	(2,132,397)	(912,955)
<b>Net cash from / (used in) operating activities</b>	<b>5,867,624</b>	<b>7,411,381</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipments	(11,060)	(4,739,910)
Proceeds from sale of property, plant and equipments	-	4,421,074
Bank balances other than cash and cash equivalents	(5,506,076)	(15,519)
<b>Net cash (used in) investing activities</b>	<b>(5,517,136)</b>	<b>(334,355)</b>
<b>FINANCING ACTIVITIES</b>		
Borrowings	26,976	(2,255,254)
Lease liabilities	-	(2,408)
Other equity	-	(584)
Profit & loss appropriation	-	(1,596,500)
<b>Net cash from financing activities</b>	<b>26,976</b>	<b>(3,854,746)</b>
(Decrease) / increase in cash and cash equivalents	377,464	3,222,279
Cash and cash equivalents at the beginning of the year	3,394,714	172,435
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>3,772,178</b>	<b>3,394,714</b>

These financial statements were approved on August 05, 2023 and signed by:

For and on behalf of Blue Water Trading & Treatment (FZE), SAIF Zone, Sharjah

Mr. Ashish Singal (Authorized signatory)



The attached notes 1 to 29 form part of these financial statements.





**Blue Water Trading & Treatment (FZE), P.O. Box: 120523, SAIF Zone, Sharjah, U.A.E.**  
**STATEMENT OF CHANGES IN EQUITY**  
**As at March 31, 2023**

As on April 01, 2021

Funds introduced / (withdrawn)

Transfer from statement of comprehensive income

Appropriation of profit

As at March 31, 2022

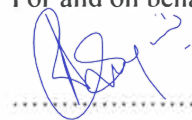
Transfer from statement of comprehensive income

**As at March 31, 2023**

Equity share capital AED	Other equity AED	Total equity AED
150,000	39,522,363	39,672,363
-	(584)	(584)
-	3,491,992	3,491,992
-	(1,596,500)	(1,596,500)
150,000	41,417,270	41,567,270
-	1,412,987	1,412,987
<b>150,000</b>	<b>42,830,257</b>	<b>42,980,257</b>

These financial statements were approved on August 05, 2023 and signed by:

For and on behalf of Blue Water Trading & Treatment (FZE), SAIF Zone, Sharjah



Mr. Ashish Singal (Authorized signatory)



*The attached notes 1 to 29 form part of these financial statements.*

**NOTES TO FINANCIAL STATEMENTS**

**1 STATUS AND ACTIVITIES**

Blue Water Trading & Treatment (FZE), Saif Zone, Sharjah (the 'Company') is a Free Zone Company with limited liability registered with the Sharjah Airport International Free Zone Authority, Government of Sharjah under a commercial license number 01-01-04119 issued on July 03, 2006 and an Industrial license number 03-01-04769 issued on March 14, 2007.

The name of the sole shareholder and its shareholding is as follows:

<b>Name of the shareholder</b>	<b>Nationality</b>	<b>No. of Share</b>	<b>Amount in AED</b>
Concord Enviro FZE, SAIF Zone, Sharjah	U.A.E	1	150,000

Principle activity of the Company is manufacturing of water filters and trading in water treatment equipments.

**2 GOING CONCERN ASSUMPTION**

These financial statements are prepared on a going concern basis, which assumes that the Company will continue to operate as a going concern for the foreseeable future.

**3 APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**3.1 New standards, interpretations and amendments adopted from January 01, 2022**

The following amendments are effective for the period beginning January 01, 2022:

**i) Onerous contracts - cost of fulfilling a contract (amendment to IAS 37)**

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- a) The incremental costs of fulfilling that contract and
- b) An allocation of other costs that relate directly to fulfilling contracts

The Company prior to the application of the amendments, did not have any onerous contracts.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

**ii) Property, plant and equipment: proceeds before intended use (amendments to IAS 16)**

The amendments to IAS 16 prohibits an Entity from deducting any proceeds from the cost of an item of property, plant and equipment. Any proceeds received from selling items produced while the Entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production) are now recognised in profit or loss. Also, the proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

### 3 APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (Contd.)

#### 3.1 New standards, interpretations and amendments adopted from January 01, 2022 (Contd.)

##### ii) Property, plant and equipment: proceeds before intended use (amendments to IAS 16) (Contd.)

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

##### iii) Annual improvements to IFRS standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)

- a) IFRS 1: subsidiary as a first-time adopter (FTA)
- b) IFRS 9: fees in the '10 per cent' test for derecognition of financial liabilities
- c) IAS 41: taxation in fair value measurements

##### iv) References to conceptual framework (amendments to IFRS 3)

The IASB issued amendments to IFRS 3, which update a reference to the conceptual framework for financial reporting without changing the accounting requirements for business combinations.

#### 3.2 New standards, interpretations and amendments not yet effective

##### i) The following amendments are effective for the period beginning January 01, 2023:

- a) Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2);
- b) Definition of accounting estimates (amendments to IAS 8); and
- c) Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12).

##### ii) The following amendments are effective for the period beginning January 01, 2024:

- a) IFRS 16 Leases (amendment - liability in a sale and leaseback)
- b) IAS 1 presentation of financial statements (amendment - classification of liabilities as current or non-current)
- c) IAS 1 presentation of financial statements (amendment - non-current liabilities with covenants)

### 4 SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The financial statements of the Company has been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board and applicable requirements of Sharjah Airport Free Zone.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although the estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The following accounting policies, which comply with IFRS, have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### Accounting convention

The financial statements have been prepared under the historical cost convention. The accounting policies are consistent with those used in the previous year.



#### 4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

##### **Accounting basis**

The financial statements have been prepared under the accrual basis, with exception of staff end of service benefits, leave salary and air fare which are accounted for when paid.

##### **Revenue recognition**

Revenue is measured at the fair value of consideration received or receivables.

The Company recognises revenue based on the five-step model, as set out in IFRS 15:

- i) Identify the contract(s) with a customer: A contract is defined as an agreement between one or more parties that creates enforceable rights and obligations.
- ii) Identify the performance obligations in the contract: A performance obligation is a promise in a contract to transfer a goods or bundle of goods or services to the customer.
- iii) Determine the transaction price: Transaction price is the amount of consideration to which Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- iv) Allocate the transaction price to the performance obligation in the contract.
- v) The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
  - The customer simultaneously received and consumed all of the benefits provided by the Company as the Company performs; or
  - The Company's performance creates or enhances an asset that the customer controls as the asset is created; or
  - The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance obligation completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which require revenue recognition on the basis of the Company's effort or inputs to the satisfaction of the performance obligations.

Revenue is measured at fair market value of consideration received or receivable taking into account the contractually agreed terms of payment excluding taxes and duties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all its revenue arrangements.

##### **Property, plant and equipments**

Fixed assets are depreciated on cost using straight line method at rates calculated to depreciate the assets concerned over their estimated useful lives.

The annual rates of depreciation used are as follows:

Machinery & equipments	: 6-50%
Vehicles	: 10-11%





#### 4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

##### Property, plant and equipments (Contd.)

The annual rates of depreciation used are as follows (Contd.):

Office equipments : 20-33%

Furniture & fixtures : 16-20%

##### Valuation of inventory

Inventories are stated at lower of cost or net realisable value, cost being determined on average basis. Cost includes purchase cost and other expenses incurred in bringing the inventory to their present location.

##### Accounts receivables

Accounts receivable balances are stated at original invoice amounts less a provision for any uncollectible amounts. An estimate of doubtful debts is made when collection of full amount is no longer probable.

Bad debts are written off as incurred.

Contract assets: Where the Company satisfies a performance obligation by delivering the promised goods and services, it creates a contract assets based on the amount of consideration earned by the performance.

##### Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand, bank overdraft repayable on demand, bank current and call accounts, fixed deposits free from lien with original maturity date of three months or less from the date of deposit.

##### Financial instruments

###### Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset or liability on initial recognition is normally represented by the transaction price.

###### Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their initial recognition. The Company classifies its financial assets in the following four categories:

- 1 Financial assets at fair value through profit or loss. This category has two sub categories:
  - a) Designated - Any financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss.
  - b) Held for trading - All derivatives (except those designated hedging instruments) and financial assets acquired or held for the purpose of selling in the short term or for which there is recent pattern of short term profit taking are held for trading.
- 2 Available for sale financial assets (AFS) are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. AFS assets are measured at fair value in the statement of financial position. Fair value changes on AFS assets are recognised directly in equity, through the statement of changes in equity, except for interest on AFS assets, impairment losses and foreign exchange gains or losses. The cumulative gain or loss that was

#### 4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

##### Subsequent measurement of financial assets (Contd.)

recognised in equity is recognised in profit or loss when an available for sale financial asset is derecognized.

3 Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than held for trading or designated on initial recognition as assets at fair value through profit or loss as available for sale. Loans and receivables are measured at amortized cost.

4 Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments that a Company intends and is able to hold till maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held to maturity investments are measured at amortized cost.

##### Value-added Tax (VAT)

Expenses, and assets are recognised net of amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the assets or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

These net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

##### Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the assets, even if that asset is or those assets are not explicitly specified in an arrangement.

##### Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and low value assets are recognized as expense on a straight line basis over the lease term.

In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

##### Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets, representing the right to use the underlying assets.

##### Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which there are earned.



#### 4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

##### **Borrowing costs**

Borrowing costs are interest and other costs incurred by Company in connection with the borrowing of funds.

Under the allowed alternative treatment, borrowing costs that are directly attributable to the acquisition, construction or production of an asset are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

##### **Impairment and collectability of financial assets**

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the statement of comprehensive income.

##### **Derecognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flow from the asset expires; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Company. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset.

##### **Accounts payable and accruals**

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

Contract liability : The amount of consideration received from a customer exceeding the amount of revenue recognized, is recognized as a contract liability.

##### **Provision**

A provision is recognized when the Company has an obligation, legal or constructive, arising from past event, and cost to settle the obligation are both probable and able to be reliably measured.

##### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.



#### 4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

##### Foreign currencies

Transactions in foreign currencies, if any, are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

#### 5 PROPERTY, PLANT AND EQUIPMENTS (NET)

Please refer annexure - 1 (Page - 20)

#### 6 FINANCIAL ASSETS

	31.03.2023	31.03.2022
	AED	AED
Unsecured, considered good unless otherwise stated	64,725	56,189
	<u>64,725</u>	<u>56,189</u>

#### 7 OTHER NON - CURRENT ASSETS

	31.03.2023	31.03.2022
	AED	AED
Other advances	-	448,322
	<u>-</u>	<u>448,322</u>

#### 8 INVENTORY

	31.03.2023	31.03.2022
	AED	AED
Stock of raw materials	17,206,170	15,922,335
	<u>17,206,170</u>	<u>15,922,335</u>

#### 9 TRADE RECEIVABLES

	31.03.2023	31.03.2022
	AED	AED
Trade receivables	5,655,904	11,835,113
	<u>5,655,904</u>	<u>11,835,113</u>
The ageing of trade debtors is as follows:		
less than 3 months	5,655,904	6,080,469
3 months and above	-	5,754,644
	<u>5,655,904</u>	<u>11,835,113</u>

As of March 31, 2023, the outstanding trade receivable balances are from a related company, Rochem Separation Systems (I) Pvt Ltd, located in India.

#### 10 CASH AND CASH EQUIVALENTS

	31.03.2023	31.03.2022
	AED	AED
Cash at bank in current accounts	3,771,071	3,383,514
Cash in hand	1,107	11,200
	<u>3,772,178</u>	<u>3,394,714</u>





## 11 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	31.03.2023	31.03.2022
	AED	AED
In deposits with 3-12 month maturity.	7,617,887	2,111,811
	<u>7,617,887</u>	<u>2,111,811</u>

## 12 OTHER FINANCIAL ASSETS

	31.03.2023	31.03.2022
	AED	AED
Security deposits	62,160	70,115
Interest accrued on fixed deposits with banks	36,562	286
	<u>98,722</u>	<u>70,401</u>

## 13 OTHER CURRENT ASSETS

	31.03.2023	31.03.2022
	AED	AED
Prepaid expenses	92,505	136,129
Advances for supply of goods and services	1,483,575	538,566
Advance to employees	-	-
Current balance with government authorities	221,870	189,220
	<u>1,797,950</u>	<u>863,916</u>

Advances for supply of goods and services includes an amount of AED 1,044,123/- being amount receivable from a related company Viz. Concord Enviro FZE, Saif Zone, Sharjah against supply of goods and services.

## 14 EQUITY SHARE CAPITAL

Authorized, issued and fully paid up share capital of the Company is AED. 150,000 divided into one share of AED. 150,000.

	31.03.2023	31.03.2022
	AED	AED
Concord Enviro (FZE), SAIF Zone, Sharjah	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

## 15 BORROWINGS

	31.03.2023	31.03.2022
	AED	AED
Current maturity:		
From bank, repayable on demand:		
Vehicle loan - RAK Bank, Dubai	-	19,465
Trust receipts - National Bank of Fujairah	3,401,711	3,355,270
	<u>3,401,711</u>	<u>3,374,735</u>
Current unsecured balance:		
AF Holdings, Mauritius	3,670,000	3,670,000
	<u>3,670,000</u>	<u>3,670,000</u>
<b>Total borrowings - current</b>	<u><b>7,071,711</b></u>	<u><b>7,044,735</b></u>

Note: Loan from AF Holdings, Mauritius carries an interest rate of 8% per annum (interest was 7.37% per annum until October 30, 2022).



## 15 BORROWINGS (Contd.)

Business loans and overdraft facility from National Bank of Fujairah and vehicle loan from RAK Bank are secured by the following:

- \* Joint and several personal guarantees of Mr. Ashish Singal and Mr. Prerak Goel (the Guarantors).
- \* Cross Corporate Guarantees between M/s Blue Water Trading & Treatment FZE and M/s Concord Enviro FZE, SAIF Zone, Sharjah, UAE (the Guarantors).
- \* Pledge over fixed deposit of AED 2,111,000/- in the name of M/s Blue Water Trading & Treatment FZE, in favour of National Bank of Fujairah, Sharjah.
- \* Settlement cheque covering total facilities amount (less fixed deposit under pledge) drawn on National Bank of Fujairah PJSC.
- \* Assignment of insurance policy covering stocks of AED 8,200,000/- in favour of National Bank of Fujairah.

## 16 TRADE PAYABLES

	31.03.2023	31.03.2022
	AED	AED
Trade creditors	1,696,741	3,829,137
	<u>1,696,741</u>	<u>3,829,137</u>
The ageing of trade creditors is as follows:		
Less than 3 months	539,535	3,099,663
3 to 6 months	499,982	642,476
6 to 12 months	560,666	57,109
Above 12 months	96,558	29,888
	<u>1,696,741</u>	<u>3,829,137</u>

## 17 OPERATING INCOME

	31.03.2023	31.03.2022
	AED	AED
Finished goods (available for sale)	19,149,427	25,623,519
Traded goods (available for sale)	7,063,751	9,257,612
	<u>26,213,178</u>	<u>34,881,130</u>

## 18 OTHER INCOME

	31.03.2023	31.03.2022
	AED	AED
Other gains and losses:		
Foregin exchange gain (Net)	-	3
Sundry creditor balance write back	8,390	-
Miscellaneous income	-	4,028
	<u>8,390</u>	<u>4,031</u>
Interest income	43,147	9,484
	<u>51,537</u>	<u>13,515</u>



## 19 COST OF RAW MATERIALS CONSUMED

	31.03.2023	31.03.2022
	AED	AED
Opening balance - Raw materials	15,922,335	10,405,212
Purchases	17,748,349	26,537,239
Direct expenses on material	518,244	1,459,767
Less: Closing balance - Raw materials	(17,206,170)	(15,922,335)
	<u>16,982,758</u>	<u>22,479,883</u>

## 20 EMPLOYEE BENEFITS EXPENSES

	31.03.2023	31.03.2022
	AED	AED
Salaried and wages	2,163,660	2,331,504
Staff welfare expenses	267,108	312,783
	<u>2,430,768</u>	<u>2,644,287</u>

## 21 FINANCE COSTS

	31.03.2023	31.03.2022
	AED	AED
Interest expenses on term loan	279,986	271,109
Interest expenses on Working capital loan	382,273	493,183
Interest expenses on vehicle loan	792	1,654
Other borrowing charges	48,500	48,500
	<u>711,551</u>	<u>814,445</u>

## 22 DEPRECIATION AND AMORTISATION EXPENSES

	31.03.2023	31.03.2022
	AED	AED
Depreciation of property, plant and equipment	2,210,443	2,069,841
Amortisation of right of use assets	3,787	5,808
	<u>2,214,230</u>	<u>2,075,649</u>

## 23 OTHER EXPENSES

	31.03.2023	31.03.2022
	AED	AED
Lease rent & license fees	329,174	297,010
Printing and stationery	12,287	21,943
Travelling expenses	43,950	37,550
Power & fuel	246,550	256,671
Telephone and communication charges	67,403	68,930
Repairs & maintenance expenses	142,375	125,646
Professional charges	944,502	984,599
Auditors remuneration	10,300	13,230
Insurance	78,365	37,490
Bank charges and commission	53,079	69,900
Miscellaneous expenses	35,794	39,407
Sundry balances written off - exp	1,979	481,756
Freight, clearing and forwarding	457,879	572,736
Advertisement and sales promotion	76,665	365,710
Net loss on foreign exchange	12,119	15,812
	<u>2,512,421</u>	<u>3,388,390</u>

(17)



## 24 RISK MANAGEMENT

### Liquidity risk

The Company limits its liquidity risk by ensuring that adequate funds are available.

### Exchange rate risk

The Company closely monitors any potential exchange rate risk associated with foreign currency exposure. Management takes necessary measures to assess and mitigate such risks, ensuring prudent risk management practices. By actively monitoring and adopting suitable hedging strategies, the Company aims to safeguard its financial position against adverse exchange rate fluctuations.

### Credit risk

The Company seeks to limit its credit risk by setting limits for individual customers and monitoring outstanding receivable balances. As at March 31, 2023 top one trade receivable balance represents 100% (previous year: 76%) of the total trade receivable balances outstanding.

All trade receivable balances are concentrated in U.A.E. only.

### Interest rate risk

The vehicle loans, and working capital loans are carrying interest at the rate prevailing in the market. The term deposits with bank are at fixed rate. Other financial instruments and assets and liabilities of the Company as at the statement of financial position date are not interest based.

### Supplier concentration risk

As March 31, 2023, top five trade payable balances represent 71.04% (previous year: 75.18%) of the total value of trade payable balances outstanding.

Country-wise concentration of trade payable balances are as follows:

Country	31.03.2023	31.03.2022
UAE	70.06%	57.13%
Singapore	21.30%	21.52%
Korea	-	16.20%
Others	8.63%	5.15%

## 25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and equity instruments. Financial assets consist of inventory, due from related parties, prepayment, deposits and other receivables, deposit with banks and bank balances and cash. Financial liabilities consist of accounts payable balances, un-secured loans, loans and borrowings and accruals & other payable balances.

The fair values of financial instruments are not materially different from their carrying values.

## 26 SIGNIFICANT EVENTS AFTER THE FINANCIAL STATEMENT

There were no significant events occurring after the financial statement date which require disclosure in the financial statements.

## 27 NUMBER OF PERSONNEL

There were twenty four employees (previous year: twenty eight ) as at the date of the financial statement.





28 In the opinion of the management all the assets shown in the financial statements are existing and realizable at the amounts shown against them and there are no liabilities against the Company, contingent or otherwise, not included in the above financial statements.

**29 GENERAL**

- a) These audited financial statements are issued by the Management of the Company, covering the period from April 01, 2022 to March 31, 2023.
- b) The comparative figures as at March 31, 2022 have been reclassified wherever necessary to conform with the presentation of the current year. Such reclassification do not affect previously reported net profit or shareholder's equity.
- d) The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.



## ANNEXURE - 1

### 5 PROPERTY, PLANT AND EQUIPMENTS (NET)

Fixed assets are stated at cost, less accumulated depreciation as follows:

	Plant & machinery AED	Vehicles AED	Office equipments AED	Furniture & fixtures AED	Total AED
<b>Cost</b>					
As at April 01, 2022	35,576,874	136,600	460,258	929,171	37,102,903
Additions	<u>1,180</u>	<u>-</u>	<u>9,880</u>	<u>-</u>	<u>11,060</u>
As at March 31, 2023	<u>35,578,054</u>	<u>136,600</u>	<u>470,138</u>	<u>929,171</u>	<u>37,113,963</u>
<b>Depreciation</b>					
As at April 01, 2022	18,355,320	44,060	375,766	593,201	19,368,347
Charge for the year	<u>2,056,216</u>	<u>13,360</u>	<u>40,461</u>	<u>100,406</u>	<u>2,210,443</u>
As at March 31, 2023	<u>20,411,536</u>	<u>57,420</u>	<u>416,227</u>	<u>693,607</u>	<u>21,578,790</u>
<b>Net Book Value</b>					
As at March 31, 2023	<u>15,166,518</u>	<u>79,180</u>	<u>53,911</u>	<u>235,564</u>	<u>15,535,173</u>
As at March 31, 2022	<u>17,221,554</u>	<u>92,540</u>	<u>84,492</u>	<u>335,970</u>	<u>17,734,556</u>

