

مؤسسة النداء لتدقيق الحسابات

AL NEDAA AUDITING
ACCOUNTANTS

هاتف : ٥٦٨٧٢٧٢ - ٠٦ ، فاكس : ٥٦٨١٧١٥ - ٠٦

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محاسبون قانونيون ومدققو حسابات

Global Environment Management (FZE)

**Financial statements
For the year ended 31 March 2020**

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مؤسسة النداء لتدقيق الحسابات AL NEDAA AUDITING ACCOUNTANTS محاسبون قانونيون ومدققو حسابات

Independent auditors' report

To the Shareholders and Board of Directors of the Global Environment Management (FZE)

Report on the Financial Statements

We have audited the accompanying financial statements of Global Environment Management (FZE) which comprise the balance sheet as of 31 March 2020 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Al Needaa Public Accountants & Auditors



Place: Sharjah

Date: July 06, 2020



(1)

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2020	Notes	March 31,2020	March 31,2019
		AUD	AUD
Assets			
Fixed assets		-	-
Right-of-use Assets	3	6,147	-
		-----	-----
Non –current assets		6,147	-
		-----	-----
Receivables and prepayments	4	198,232	302,525
Cash and cash equivalents	5	152,212	25,710
		-----	-----
Current assets		350,445	328,235
		-----	-----
Total assets		356,591	328,235
		=====	=====
EQUITY			
Capital and reserves attributable to the equity holder			
Share capital	7	6,999,229	6,999,229
Retained earnings/ (loss)		(8,333,063)	(8,453,108)
		-----	-----
Total equity		(1,333,833)	(1,453,878)
		-----	-----
Liabilities			
Non –current liabilities			
Borrowing	8	1,525,000	1,525,000
		-----	-----
		1,525,000	1,525,000
		-----	-----
Current liabilities			
Payables	9	165,424	257,114
		-----	-----
		165,424	257,114
		-----	-----
Total liabilities		1,690,424	1,782,114
		-----	-----
Total Shareholders' equity and liabilities		356,591	328,235
		=====	=====

These financial statements were approved and authorised for issue on July 06, 2020 and were signed by:

Place: Sharjah

For and behalf of the board


Atul Kumar Agarwal
(Director & Manager)



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 March 2020**

STATEMENT OF COMPREHENSIVE INCOME	Notes	1 Apr. 2019 to 31 March, 2020	1 Apr. 2018 to 31 March, 2019
		AUD	AUD
FOR THE YEAR ENDED 31 March 2020			
Sales		855,556	582,590
Other income	11	54	4,044
Cost of Sales		(654,372)	(454,402)
Gross Profit		204,239	132,232
General and administration expenses	10	82,310	102,780
Operating expenses		82,310	102,780
Operating Profit/(Loss)		121,928	29,452
Finance Costs	12	1,884	903
Profit/(Loss) for the year / period		120,045	28,549

These financial statements were approved and authorised for issue on July 06, 2020 and were signed by:

Place: Sharjah

For and behalf of the board


Atul Kumar Agarwal
(Director & Manager)



(3)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 March 2020**

	Note	Share Capital AUD	Accumulated Earnings / (Loss) AUD	Total AUD
Balances as at 31 March, 2018	7	6,999,229	(8,481,657)	(1,482,427)
Profit/(Loss) for the year		-	28,549	28,549
Balances as at March 31, 2019		6,999,229	(8,453,108)	(1,453,878)
Balances as at 31 March, 2019	7	6,999,229	(8,453,108)	(1,453,878)
Profit/(Loss) for the year		-	120,045	120,045
Balances as at March 31, 2020		6,999,229	(8,333,063)	(1,333,833)



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March 2020**

	1 April 2019 to 31 March, 2020	1 April 2018 to 31 March, 2019
Notes	AUD	AUD
Cash flow from operating activities		
(Loss)/Profit before income tax	120,045	28,549
Depreciation on lease arrangement	4,472	-
Interest Expenses	1,161	-
Unrealized Exchange Fluctuation	1,091	-
	-----	-----
Operating cash flows before changes in working capital	126,769	28,549
Changes in working capital:		
Trade and other receivables	104,293	(171,227)
Trade and other payables	(98,112)	86,981
	-----	-----
Net cash provided by / (used in) operating	132,950	(55,697)
Cash flow from investing activities	-	-
- Purchase of property, plant and equipment	-	-
- Purchase of property, plant & equipment (Lease-Land)	-	-
Cash flow from financing activities		
Share holders Equity	-	-
Loan from shareholders	-	-
Interest paid	(1,161)	-
Payment for Lease Liabilities	(5,287)	-
	-----	-----
Net cash provided by /(used in) financing Activities	(6,448)	-
Net increase /(decrease) in cash and cash Equivalents	126,502	(55,697)
Cash and cash equivalents, beginning of the period	25,710	81,407
Net unrealised gain on foreign currency cash and equivalents		
Cash and cash equivalents, end of the period	152,212	25,710
	=====	=====



Notes to the financial statements for the year ended 31 March 2020

1. Incorporation and activities

Incorporation

Global Environment Management (FZE) ("the Company") is registered as a Free Zone Establishment (FZE) in the Sharjah Airport International Free Zone (SAIF Zone). The company was incorporated on 21st June 2005. The registered address of the company is Executive Suite, P O Box 9566, Sharjah, UAE. Trade license No. 03085.

Activities

The Company is engaged in the trading of Aerobin home composting and on site household and garden waste containment systems. The Company, pursuant to the HOA has been assigned the Intellectual property i.e. the patents, trademark registrations and applications, designs and design applications and patents and patent applications (hereinafter referred to as Intellectual Property) relating to the above products by EC.

2. Summary of significant accounting policies

These financial statements are the separate financial statements of Global Environment Management (FZE) and have been prepared for filing with the regulatory authority by the parent company. The significant accounting policies adopted by the company in the preparation of these financial statements are as follows:

2.1 Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS') and the interpretation issued by the International Accounting Board. The financial statements have been prepared under the historical cost convention. The accompanying financial statements have been presented on the basis that the Company will continue as a going concern.

The preparation of financial statements in conformity with IFRS required the use of accounting estimates. It also required the management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under the relevant accounting policies.

March 31, 2019 have not been restated. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) and lease liability of AUD 6,147 and AUD 6,422 respectively. Other expenses are lower by AUD 6,010, depreciation is higher by AUD 4,472, Interest is higher by AUD 723 and unrealized exchange fluctuation Gain/(loss) (1,091) during the year ended March 31, 2020, due to implementation of IFRS 16.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The accounts are presented in Australian dollars (AUD) which is the presentation currency of the Company, which is also the functional currency of the Company.



Notes to the financial statements for the year ended 31 March 2020

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year – end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.3 Intangible assets

Intellectual property including patents, trademarks and designs acquired are measured at cost including costs i.e. purchase price and directly attributable costs or in case of equity settled transaction, at the fair value as at the date of acquisition. Intellectual property has a finite useful life and is carried at cost/fair value as at the date of acquisition less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost/fair value of intellectual property over its estimated useful life (3 years).

2.4 Financial assets

Loans and receivables are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as ‘Receivables and Prepayments’ in the balance sheet.

2.5 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less on the date of purchase, to be cash equivalents. The carrying value of cash equivalents approximates fair value.

2.6 Share capital

Ordinary shares are classified as equity. Share capital and advance received against share capital are translated at the historical rate.

2.7 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

2.8 Financial risk management

The Company’s activities expose it to a variety of financial risks; market risk (including currency risk and price risk), and credit risk. The Company’s overall risk management program focuses on unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by Central treasury department under policies approved by the Board of directors.



Market Risk

(i) Currency Risk

The Company operates internationally and is exposed to foreign exchange risk primarily with respect to United State Dollar, Indian Rupee, Australian Dollar and UAE Dirham. Currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. As a result, it is subject to foreign currency exchange risk arising from exchange rate movements which will affect the Company's translation of the results and underlying net assets of its foreign subsidiaries.

As on date, the majority balances outstanding are denominated in Australian Dollar, hence the currency risk exposure is not considered material.

(ii) Concentration of Revenue and Credit Risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customer, including outstanding trade receivables. For banks and financial institutions, the companies in the group maintain banking relationships with only creditworthy banks which it reviews on an on-going basis. Consequently, the credit risk on the bank balances is not considered material.

Trade receivables are typically unsecured and are derived from revenue earned from customers. The Company invoices to a single customer which is the subsidiary of the Company.

(iii) Interest rate risk

The Company's interest rate risk arises from borrowings from shareholders. Borrowings at fixed rates expose the Company to fair value interest rate risk.

The approximate fair value of fixed interest rate borrowing is in line with the borrowing rate for the group.

(iv) Liquidity risk

The Company has a negative net working capital position as on 31 March, 2020 and faces no liquidity risk as the parent company MSSL Mauritius Holdings Limited has given letter of support to the Company.

(v) Fair values

The fair value of the Company's financial assets and liabilities at 31 March 2020 approximated their net book amounts as reflected in these financial statements.

2.9 Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any return capital to shareholders or issue new shares. Total capital is the equity as shown in the consolidated balance sheet.



Notes to the financial statements for the year ended 31 March 2020 (continued)

3. Fixed Assets

a. Intangible assets

Acquired Intangibles – Intellectual Property Rights
(Patents)

	AUD
Cost	
At 1 April 2019	-
Addition	-
Deletion	-
At 31 March 2020	-
Depreciation	
At 1 April 2019	-
Charge for the year	-
At 31 March 2020	-
Net book value 31.03.2020	-

b. Tangible assets

	AUD
Cost	
At 1 April 2019	145,713
Addition (Right-to-use Assets)	10,619
At 31 March 2020	156,332
Depreciation	
At 1 April 2019	145,713
Charge for the year (Right-to-use Assets)	4,472
At 31 March 2020	150,185
Net book value 31.03.2020	6,147
At 31 March 2019	0
At 31 March 2020(Right-to-use Assets)	6,147

4. Receivables and Prepayments

	31-Mar-20 AUD	31-Mar-19 AUD
Amounts due after one year		
Prepayments	1,160	1,160
	<u>1,160</u>	<u>1,160</u>
Amount due within one year		
Other receivables	195,002	299,357
Prepayments	2,070	2,008
	<u>197,072</u>	<u>301,365</u>



Notes to the financial statements for the year ended 31 March 2020 (continued)

5. Cash and cash equivalents

Bank balances are held with a branch of a local bank.

	31-Mar-20	31-Mar-19
	AUD	AUD
Cash at bank	152,091	25,551
Cash in hand	121	160
	152,212	25,710

6. Related party transactions and balances

Related parties comprise the shareholders and other related parties of the Company. During the year, the company entered into the following significant transactions with related parties at agreed rates:

	31-Mar-20	31-Mar-19
	AUD	AUD
Purchase of Goods		
- Ultimate Parent – MSSL	657,820	450,311
Miscellaneous Exp		
- Other related party	49,251	49,066
Year end balances		
<u>Current</u>		
Trade Payables to Ultimate Parent - MSSL	134,397	233,934
Interests Payables to Parent Company- MMHL	0	0
Trade Payables to Other related parties	17,825	9,737

7. Shareholders' equity

	31-Mar-20	31-Mar-19
	AUD	AUD
Shareholders' equity		
Share Capital	6,999,229	6,999,229
	6,999,229	6,999,229

8. Borrowing

	31-Mar-20	31-Mar-19
	AUD	AUD
Loan from Shareholder- MMHL	1,525,000	1,525,000
	1,525,000	1,525,000



Notes to the financial statements for the year ended 31 March 2020 (continued)

9. Payables

	31-Mar-20 AUD	31-Mar-19 AUD
Trade payables	3,199	7,802
Trade payable to ultimate parent company- MSSSL	134,397	233,934
Trade payable to Other related parties	17,824	9,737
Finance Lease liability- current	6,422	-
Other Accrued Expenses	3,582	5,642
	<u>165,424</u>	<u>257,114</u>

10. General and administration expenses

	1 April 2019 to 31 March, 2020 AUD	1 April 2018 to 31 March, 2019 AUD
Professional services	26,152	29,807
Depreciation	4,472	-
Rent	32,234	11,920
Travel	4,245	-
Exchange Fluctuation	(23,822)	1,987
Software Charges	23,317	22,725
Bad debt written off	7,402	-
Other expenses	8,312	36,341
	<u>82,310</u>	<u>102,780</u>

11. Other Income

	1 April 2019 to 31 March, 2020 AUD	1 April 2018 to 31 March, 2019 AUD
Miscellaneous Income	54	4,044
	<u>54</u>	<u>4,044</u>

12. Finance Costs

	1 April 2019 to 31 March, 2020 AUD	1 April 2018 to 31 March, 2019 AUD
Bank charges	1,161	903
Interest on lease liability	723	-
	<u>1,884</u>	<u>903</u>

(11)



Notes to the financial statements for the year ended 31 March 2020 (continued)

13. Capital Commitment

There were no capital commitments as at the year-end as at March 31, 2020.

14. Fair value

The fair value of the company's financial assets and liabilities at 31 March 2020 approximated their net book amounts as reflected in these financial statements.

15. Adoption of Accounts

These accounts were adopted by the Board of Directors in the meeting held on July 06, 2020

