

**BLS INTERNATIONAL FZE  
AND ITS SUBSIDIARIES**

Sharjah - United Arab Emirates  
Consolidated Financial Statements and  
Independent Auditors' Report  
For the year ended March 31, 2018

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Consolidated Financial Statements and Independent Auditors' Report**  
**For the year ended March 31, 2018**

**Table of Contents**

---

	<b>Page</b>
<b>Independent Auditors' Report</b>	1 - 3
<b>Consolidated Statement of Financial Position</b>	4
<b>Consolidated Statement of Comprehensive Income</b>	5
<b>Consolidated Statement of Changes in Equity</b>	6
<b>Consolidated Statement of Cash Flows</b>	7
<b>Notes to the Consolidated Financial Statements</b>	8 - 34

## Independent Auditors' Report

To

**The Shareholders of BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the financial statements of **BLS International FZE** (the Parent) and its subsidiaries (together, the Group), which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

- a. The financial statements of the subsidiaries outside UAE have not been independently audited as at the year ended March 31, 2018 and having consolidated on the basis of unaudited financial statements provided by the management. We have not performed any additional procedures on the financial statements of these subsidiaries. As of March 31, 2018, the total net worth of these subsidiaries are AED 3,769,489/- and the net profits from operations are AED 702,955/-.



**Independent Auditors' Report (continued)**

---

**Emphasis of Matter (continued)**

b. As on September 18, 2017, BLS International Services Australia PTY Ltd has been liquidated.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Implementing Regulations of Free Trade Zone pursuant to the Emiri Decree No. 6 of 1995, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated financial statements.

**Report on Other Legal and Regulatory Requirements**

Further, as required by the Emiri Decree No. 6 of 1995, we report that:

- (i) We have obtained all the information we considered necessary for the purpose of our audit.
- (ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Free Zone Establishment Implementing procedures pursuant to the Emiri Decree No. 6 of 1995.



BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates

Independent Auditors' Report (continued)



Report on Other Legal and Regulatory Requirements (continued)

- (iii) The Group maintained proper books of accounts.
- (iv) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended March 31, 2018, any of the requirements of Free Zone Establishment Implementing procedures pursuant to the Emiri Decree No. 6 of 1995, which would materially affect its activities or its financial position as at March 31, 2018.

Dubai  
May 13, 2018

Ref: HAMT/MER/218/405



For HLB HAMT  
Chartered Accountants  
Signed by Vijay Anand  
Partner  
[Reg. No. 654]



**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Consolidated Statement of Financial Position**  
**As at March 31, 2018**  
**(In Arab Emirates Dirhams)**

	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	5	8,508,010	7,665,440
Intangible asset	6	5,040,011	3,712,335
Investments in associates	7	13,606,198	16,340,420
<b>Total non-current assets</b>		<u>27,154,219</u>	<u>27,718,195</u>
<b>Current assets</b>			
Accounts and other receivables	9	35,573,300	24,400,572
Other financial assets	10	15,533,875	2,151,750
Cash and cash equivalents	11	45,282,061	33,066,099
<b>Total current assets</b>		<u>96,389,236</u>	<u>59,618,421</u>
<b>Total Assets</b>		<u>123,543,455</u>	<u>87,336,616</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	1	25,000	25,000
Foreign currency translation reserve	12	(710,943)	(962,022)
Retained earnings		114,232,843	82,379,810
<b>Total shareholder's equity</b>		<u>113,546,900</u>	<u>81,442,788</u>
Non-controlling interest		49,249	77,031
<b>Total Equity</b>		<u>113,596,149</u>	<u>81,519,819</u>
<b>Non-current liability</b>			
Provision for employees' end of service indemnity	13	583,221	577,742
<b>Total non-current liability</b>		<u>583,221</u>	<u>577,742</u>
<b>Current liabilities</b>			
Accounts and other payables	14	9,364,085	5,239,055
<b>Total current liabilities</b>		<u>9,364,085</u>	<u>5,239,055</u>
<b>Total Liabilities</b>		<u>9,947,306</u>	<u>5,816,797</u>
<b>Total Equity and Liabilities</b>		<u>123,543,455</u>	<u>87,336,616</u>

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 4 - 34 were approved by the management on May 12, 2018 and signed on its behalf by:



Chief Financial Officer





Director

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Consolidated Statement of Comprehensive Income**  
**For the year ended March 31, 2018**  
**(In Arab Emirates Dirhams)**

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Service revenue	15	325,490,730	290,347,211
Direct expenses	16	(243,793,315)	(235,468,412)
Other income	17	1,454,155	1,040,208
General, selling and administrative expenses	18	(43,301,827)	(29,263,608)
Depreciation and amortization	20	(2,670,790)	(2,352,987)
Impairment of investment in associate	7	(2,736,610)	-
<b>Profit from operations</b>		<b>34,442,343</b>	<b>24,302,412</b>
Finance income	21	24,099	329
Finance cost	22	-	(40,554)
Gain on business acquisition	23.2	268,493	-
<b>Profit for the year</b>		<b><u>34,734,935</u></b>	<b><u>24,262,187</u></b>
<b>Attributable to:</b>			
Equity holder		34,733,033	24,241,624
Non- controlling interest		<u>1,902</u>	<u>20,563</u>
		<b><u>34,734,935</u></b>	<b><u>24,262,187</u></b>
<b>Other comprehensive income:</b>			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>221,395</u>	<u>(106,191)</u>
<b>Other comprehensive income for the year</b>		<b><u>221,395</u></b>	<b><u>(106,191)</u></b>
<b>Total comprehensive income for the year</b>		<b><u>34,956,330</u></b>	<b><u>24,155,996</u></b>
<b>Attributable to:</b>			
Equity holder		34,984,112	24,135,433
Non- controlling interest		<u>(27,782)</u>	<u>20,563</u>
		<b><u>34,956,330</u></b>	<b><u>24,155,996</u></b>

The accompanying notes form an integral part of these consolidated financial statements.

BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates

Consolidated Statement of Changes in Equity  
For the year ended March 31, 2018  
(In Arab Emirates Dirhams)

	Share capital	Foreign currency translation reserve	Retained earnings	Total shareholder's equity	Non-controlling interest	Total
<b>Balance as at March 31, 2016</b>	<b>25,000</b>	<b>(855,831)</b>	<b>58,828,186</b>	<b>57,997,355</b>	<b>56,468</b>	<b>58,053,823</b>
Profit for the year	-	-	24,241,624	24,241,624	20,563	24,262,187
Dividend paid	-	-	(690,000)	(690,000)	-	(690,000)
Foreign currency translation	-	(106,191)	-	(106,191)	-	(106,191)
<b>Balance as at March 31, 2017</b>	<b>25,000</b>	<b>(962,022)</b>	<b>82,379,810</b>	<b>81,442,788</b>	<b>77,031</b>	<b>81,519,819</b>
Profit for the year	-	-	34,733,033	34,733,033	1,902	34,734,935
Dividend paid	-	-	(2,880,000)	(2,880,000)	-	(2,880,000)
Foreign currency translation	-	251,079	-	251,079	(29,684)	221,395
<b>Balance as at March 31, 2018</b>	<b>25,000</b>	<b>(710,943)</b>	<b>114,232,843</b>	<b>113,546,900</b>	<b>49,249</b>	<b>113,596,149</b>

The accompanying notes form an integral part of these consolidated financial statements.



**BLS International FZE and its Subsidiaries**  
Sharjah - United Arab Emirates

**Notes to the Consolidated Financial Statements**  
For the year ended March 31, 2018

**1. Establishment and operations**

**BLS International FZE and its Subsidiaries** (the Parent Establishment) was incorporated and registered with the Hamriyah Free Zone Authority, Sharjah - United Arab Emirates on September 07, 2011, as a Free Zone Establishment, under License No. 8283.

The share capital of the Establishment is AED 25,000/- divided into 1 share of AED 25,000/- each held in the name of BLS International Services Limited, India (the ultimate Parent Company).

The address of the registered office of the Establishment is P.O. Box 52101, Hamriyah Free Zone, Sharjah - United Arab Emirates.

The principal activity of the Establishment is providing management consultancy services. The Group is mainly providing Visa, Passport renewal and other documentation services to Indian and Spanish embassies in various countries.

BLS International FZE (the Group) consist of the following subsidiaries;

<u>Name of Subsidiaries</u>	<u>Legal status</u>	<u>Location</u>	<u>Percentage of Holding</u>	<u>Principal Activities</u>
BLS International Services*	Establishment	UAE	100%	Provide services related to visa and passport processing with Indian Embassy / Consulate/Spain MOFA.
BLS International Services Norway AS.	Limited Liability Company	Norway	75%	To serve Indian Embassy in Norway and facilitate in Embassy support services.
BLS International Services Singapore PTE. LTD.	Limited Liability Company	Singapore	100%	Provides services related to passport and visa processing with Indian Embassy/Consulate/Spain MOFA.
BLS International Services Canada INC.	Company	Canada	100%	Provides services related to passport and consular processing with Indian Embassy/Consulate.
BLS International Services Malaysia SDN BHD	Company	Malaysia	100%	Provides services related to passport and consular processing with Indian Embassy/Consulate.
BLS International Services (UK) Limited	Private company limited by shares	England	100%	Providing services related to visa processing with Spain MOFA.
Consular Outsourcing BLS Services Inc.	Company	USA	100%	Providing services related to visa processing with Spain MOFA.

\*This subsidiary maintains eight additional licenses (three establishments and five branches in U.A.E), for regulating the principal activities of the Establishment.

The 100% beneficial ownership of these subsidiaries is vested with the Parent, except for BLS International Services Norway AS., Norway.

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2018**  
**(In Arab Emirates Dirhams)**

	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b><i>Cash flows from operating activities</i></b>			
Profit for the year		34,734,935	24,262,187
Adjustments for:			
Depreciation and amortization	20	2,670,790	2,352,987
Loss on disposal of property and equipment	18	-	18,956
Bad and doubtful debts	18	1,415,599	-
Finance income	21	(24,099)	(329)
Finance cost	22	-	40,554
Impairment of investment in associate	7	2,736,610	-
Provision for employees' end of service indemnity	13	128,473	127,423
<b>Operating cash flows before payment of employees' end of service indemnity and changes in working capital</b>		<b>41,662,308</b>	<b>26,801,778</b>
Working capital changes:			
Accounts and other receivables	9	(12,567,585)	(9,537,442)
Accounts and other payables	14	4,125,030	(34,925)
<b>Cash generated from operating activities before payment of employees' end of service indemnity</b>		<b>33,219,753</b>	<b>17,229,411</b>
Payment of employees' end of service indemnity	13	(122,994)	(106,592)
<b>Net cash generated from operating activities</b>		<b>33,096,759</b>	<b>17,122,819</b>
<b><i>Cash flows from investing activities</i></b>			
Movements in other financial assets	10	(13,382,125)	(1,893,750)
Additions to property and equipment	5	(1,581,567)	(2,277,381)
Additions to intangible assets	6	(2,794,502)	(356,552)
Movements in investment in associate	7	(2,388)	-
Disposal of property and equipment	5	-	5,000
Finance income	21	24,099	329
Business acquisition	5	(286,236)	-
Effect of exchange rate differences		(199,473)	-
<b>Net cash used in investing activities</b>		<b>(18,222,192)</b>	<b>(4,522,354)</b>
<b><i>Cash flows from financing activities</i></b>			
Dividend paid		(2,880,000)	(690,000)
Movements in bank borrowings		-	(1,612,750)
Finance cost	22	-	(40,554)
<b>Net cash used in financing activities</b>		<b>(2,880,000)</b>	<b>(2,343,304)</b>
Effect of exchange rate changes on cash and cash equivalents		221,395	(88,052)
<b>Net increase in cash and cash equivalents</b>		<b>12,215,962</b>	<b>10,169,109</b>
Cash and cash equivalents at the beginning of the year		33,066,099	22,896,990
<b>Cash and cash equivalents at the end of the year</b>	11	<b>45,282,061</b>	<b>33,066,099</b>

The accompanying notes form an integral part of these consolidated financial statements.



## 2. Adoption of new and revised International Financial Reporting Standards and Interpretations

### 2.1 Standards and interpretations effective in the current year

The Group has adopted the following new and amended IFRS in these consolidated financial statements.

The adoption of these new standards did not have any material impact on the consolidated financial statements of the Group.

#### 2.1.1 IAS 7 Disclosure Initiative – Amendments to IAS 7:

The amendments in *Disclosure Initiative (Amendments to IAS 7)* come with the objective that entities shall provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities. To achieve this objective, the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

#### 2.1.2 IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12

The amendments in *Recognition of Deferred Tax Assets for Unrealized Losses* clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2018

2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1 Standards and interpretations effective in the current year (continued)

2.1.3 IFRS 12 Disclosure of Interests in Other Entities - Annual Improvements 2014–2016 Cycle (clarifying scope)

Annual Improvements to IFRS Standards 2014–2016 Cycle clarifies that the disclosures required in IFRS 12 also apply to interests held for sale and discontinued operations in accordance with IFRS 5.

IFRS 12 does not apply to certain employee benefit plans, separate financial statements to which IAS 27 *Separate Financial Statements* applies (except in relation to unconsolidated structured entities and investment entities in some cases), certain interests in joint ventures held by an entity that does not share in joint control, and the majority of interests in another entity accounted for in accordance with IFRS 9 *Financial Instruments*.

An investment entity that prepares consolidated financial statements in which all of its subsidiaries are measured at fair value through profit or loss presents the disclosures relating to investment entities required by IFRS 12.

2.2 New and revised IFRS in issue but not effective and not early adopted

The following standards, amendments thereto and interpretations have been issued prior to March 31, 2018 but have not been applied in these consolidated financial statements as their effective dates of adoption are for future periods. The impact of the adoption of the below standards is currently being assessed by the management. It is anticipated that their adoption in the relevant accounting periods will impact only the disclosures within the consolidated financial statements.

	<u>Effective for annual periods beginning</u>
Annual Improvements 2014–2016 Cycle	January 01, 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 01, 2018
IFRS 9- Financial Instruments	January 01, 2018
IFRS 15- Revenue from Contracts with Customers	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40)	January 01, 2018
Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modifications of Financial Liabilities	January 01, 2018
IFRS 16 Leases	January 01, 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019
Annual Improvements 2015–2017 Cycle	January 01, 2019
IFRS 17 Insurance Contracts	January 01, 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely deferred



**3. Basis of presentation and significant accounting policies**

**3.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the requirements of the Implementing Regulations of Free Trade Zone pursuant to the Emiri Decree No. 6 of 1995.

**3.2 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

**3.3 Functional and presentation currency**

These consolidated financial statements are prepared and the items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). These consolidated financial statements are presented in UAE Dirhams (AED), which is the Group's functional and presentation currency.

**3.4 Basis of consolidation**

These consolidated financial statements incorporate the financial statements of **BLS International FZE and its Subsidiaries** (the Parent) and the entities controlled by the Parent. Control is achieved when the Parent:

- Has power over the investee;
- Is exposed, or has the rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent obtains control, and continue to be consolidated until the date when such control ceases. The Parent reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

**3. Basis of presentation and significant accounting policies (continued)**

**3.4 Basis of consolidation (continued)**

When the Parent has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent considers all relevant facts and circumstances in assessing whether or not the Parent's voting rights in an investee are sufficient to give it power, including:

- The size of the Parent's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Parent, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Parent has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at the previous Shareholders' meeting.

When the Parent loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in consolidated statement of comprehensive income;
- Reclassifies the Parent's share of components previously recognized in other comprehensive income to profit and loss or retained earnings, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those adopted at Group level.

**3.4.1 Eliminations on consolidation**

Inter-entity transactions, balances, income and expenses from transactions between entities are eliminated. Profits and losses resulting from inter-entity transactions that are recognized in the assets are also eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



**3. Basis of presentation and significant accounting policies (continued)**

**3.5 Revenue recognition**

Revenue is recognized in the consolidated statement of comprehensive income at the fair value of the consideration received or receivable, provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

**3.5.1 Revenue from services**

The Group manages the administrative function of the visa and passport applications process for various countries. Revenue comprises of the value of services provided mainly from renewal of passports, processing of visa application and other value added services including courier and SMS services and recognized upon invoicing to the customers. Revenue has been based on the gross invoices made during the year.

**3.5.2 Finance income**

Interest income is accrued on a time basis, based on the principal outstanding and at the effective interest rate applicable. Finance income comprises interest income from banks and is recognized as an income in the year in which it is accrued.

**3.6 Direct expenses**

Direct expenses include direct operating expenses incurred in generating revenue. Expenses that are not immediately attributable to the generating of revenue are not included in the gross profit as reported. Direct expenses are recognized over the term that the associated revenue is recognized.

**3.7 Provision for employees' end of service indemnity**

Estimated amounts required to cover employees' end of service indemnity at the date of consolidated statement of financial position are computed pursuant to the UAE Federal Labour Law No. 8 of 1980 based on the employees' accumulated period of service and current remuneration at the date of consolidated statement of financial position.

The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

**3.8 Investment in associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the cost model of accounting. Under the cost method, investment in associates is carried in the consolidated statement of financial position at cost less impairment.

**3. Basis of presentation and significant accounting policies (continued)**

**3.8 Investment in associates (continued)**

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss in the consolidated statement of comprehensive income.

Dividends or other direct payments received from associates are recognized as income from financing and investing activities and presented in the consolidated statement of comprehensive income.

**3.9 Intangible assets**

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is de-recognized.

**3.9.1 Software**

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives which are normally a period of 3 to 6 years.

**3.10 Property and equipment**

Property and equipment are carried at cost, less accumulated depreciation and any identified impairment loss.

Property and equipment are depreciated using straight-line method over the expected useful lives of the assets as under:

Buildings	32 years
Furniture and fixtures	15-16 years
Vehicles	10 years
Office equipment	20-22 years
Leasehold improvements	10 years



**3. Basis of presentation and significant accounting policies (continued)**

**3.10 Property and equipment (continued)**

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets, and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Maintenance and repairs are charged to expenses as incurred and renewals and improvements, which extend the life of the asset, are capitalized and depreciated over the remaining life of the asset.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

**3.11 Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for assets previously revalued with the revaluation taken to other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount.

**3. Basis of presentation and significant accounting policies (continued)**

**3.11 Impairment of non-financial assets (continued)**

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**3.12 Foreign currencies**

**3.12.1 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 outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at the end of each reporting period are recognized in the consolidated statement of comprehensive income. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. 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.

**3.12.2 Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into the functional currency at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in consolidated statement of comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**3.13 Finance cost**

Finance costs are recognized as an expense in the period in which they are incurred.



**3. Basis of presentation and significant accounting policies (continued)**

**3.14 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 fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**3.14.1 Operating lease**

***The Group as lessee:***

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

**3.15 Financial instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

**3.15.1 Financial assets**

The Group's financial assets include accounts and other receivables (excluding advances and prepayments) and other financial assets classified as 'loans and receivables', and bank balances, cash in transit and cash in hand referred as 'cash and cash equivalents'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

***(a) Loans and receivables***

Loans and receivables that have fixed or determinable payments are initially measured at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

***(b) Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Basis of presentation and significant accounting policies (continued)

3.15 Financial instruments (continued)

3.15.2 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event'), the estimated future cash flows of the financial asset have been affected and the impact can be reliably estimated.

*(a) Financial assets carried at amortized cost*

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For certain categories of financial assets, such as accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of comprehensive income.

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 through statement of comprehensive income to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. Impairment losses recognized for financial assets carried at cost are not reversed.

3.15.3 De-recognition of financial assets

The Group de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.



**3. Basis of presentation and significant accounting policies (continued)**

**3.15 Financial instruments (continued)**

**3.15.4 Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost using the effective interest method.

The Group's financial liabilities include accounts and other payables (less advances) classified as 'other financial liabilities'.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**(a) Other financial liabilities**

Other financial liabilities are subsequently measured at amortized cost using effective interest method except for short term payable where the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

**3.15.5 De-recognition of financial liabilities**

The Group de-recognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

**3.15.6 Offsetting of financial instruments**

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

**3.16 Value Added Tax**

Value Added Tax (VAT) is the tax payable on supply of taxable goods and services. The Group pays VAT when goods and services are bought (Input VAT) and charges VAT when goods and services are sold (Output VAT). VAT is computed by the Group as per the requirements of UAE Federal Law No. 8 of 2017 on Value Added Tax ('VAT Law').

**3. Basis of presentation and significant accounting policies (continued)**

**3.16 Value Added Tax (continued)**

The difference between the total Output Tax payable in the tax period and the total Recoverable Tax in the same tax period is included as VAT receivable/payable under current assets/liabilities as applicable.

**3.17 Current and non-current classification**

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

**4. Significant accounting judgments and key sources of estimation uncertainty**

**4.1 Significant judgments in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, which are described in Note 3 to the consolidated financial statements, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below):

**4.1.1 Contingencies**

Contingent assets and liabilities are not recognized in the consolidated financial statements, but are disclosed unless the possibility of an inflow or outflow respectively of resources embodying economic benefits is remote.

**4. Significant accounting judgments and key sources of estimation uncertainty (continued)**

**4.1 Significant judgments in applying the Group's accounting policies (continued)**

**4.1.2 Provision for employees' end of service indemnity**

Provision for employees' end of service indemnity is grouped as a non-current liability on the judgment that the employees of the Group will be continued in the future periods irrespective of their visa expiry dates and other employment terms and conditions.

**4.1.3 Leases**

Accounting for lease arrangements first involves making a determination, at inception of a lease arrangement, whether a lease is classified an operating lease or a finance lease. The Group has entered into leases over buildings. The Group evaluates of the terms and conditions of the arrangements, such as whether the lease term constitutes a major part of the economic life of the assets and whether the present value of the minimum lease payments amounts to substantially all of the fair value of the assets. Considering the significant risks and rewards of ownership of these assets, the Group considers the lease of buildings as operating lease.

**4.1.4 Control over subsidiaries**

The Parent follows the guidance of IFRS 10 in determining whether it controls an entity and this determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the power it has over the investee, the rights to variable returns from its involvement with the entity, and the ability to use its power to affect the returns of the entity. The Parent considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power.

**4.1.5 Going concern assumption**

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

**4.2 Key sources of estimation uncertainty**

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



**4. Significant accounting judgments and key sources of estimation uncertainty (continued)**

**4.2 Key sources of estimation uncertainty (continued)**

**4.2.1 Property and equipment**

Property and equipment are depreciated over their estimated useful lives, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

**4.2.2 Intangible assets**

Intangible assets are amortized over their estimated useful lives, which is based on expected pattern of consumption of the future economic benefits embodied in the assets.

**4.2.3 Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model and requires estimation of the expected future cash flows from the asset (or of the cash-generating unit) in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.



BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates

Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2018

5. Property and equipment  
March 31, 2018

Cost	Buildings AED	Furniture and fixtures AED	Vehicles AED	Office equipment AED	Leasehold improvements AED	Total AED
As at March 31, 2017	2,046,606	2,977,813	326,929	4,020,255	1,149,217	10,520,820
Business acquisition	-	224,557	-	61,679	-	286,236
Additions	964,694	211,951	55,000	316,682	33,240	1,581,567
Transfers	-	(1,893)	-	(37,392)	-	(39,285)
Exchange rate differences	68,919	68,405	1,643	50,014	-	188,981
As at March 31, 2018	3,080,219	3,480,833	383,572	4,411,238	1,182,457	12,538,319
Accumulated depreciation						
As at March 31, 2017	(103,896)	(850,456)	(96,651)	(1,720,763)	(83,614)	(2,855,380)
Depreciation for the year	(92,858)	(211,750)	(32,291)	(496,830)	(320,544)	(1,154,273)
Transfers	-	360	-	18,183	-	18,543
Exchange rate differences	(6,247)	(10,324)	(2,624)	(20,004)	-	(39,199)
As at March 31, 2018	(203,001)	(1,072,170)	(131,566)	(2,219,414)	(404,158)	(4,030,309)
Carrying amount						
As at March 31, 2018	2,877,218	2,408,663	252,006	2,191,824	778,299	8,508,010

Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2018

5. Property and equipment (continued)  
March 31, 2017

<b>Cost</b>	<b>Buildings</b> <b>AED</b>	<b>Furniture and fixtures</b> <b>AED</b>	<b>Vehicles</b> <b>AED</b>	<b>Office equipment</b> <b>AED</b>	<b>Leasehold improvements</b> <b>AED</b>	<b>Total</b> <b>AED</b>
As at March 31, 2016	2,093,471	2,661,771	322,946	3,258,459	27,500	8,364,147
Additions	-	317,123	52,000	786,541	1,121,717	2,277,381
Disposals	-	-	(46,900)	-	-	(46,900)
Exchange rate differences	(46,865)	(1,081)	(1,117)	(24,745)	-	(73,808)
<b>As at March 31, 2017</b>	<b>2,046,606</b>	<b>2,977,813</b>	<b>326,929</b>	<b>4,020,255</b>	<b>1,149,217</b>	<b>10,520,820</b>
<b>Accumulated depreciation</b>						
As at March 31, 2016	(39,916)	(670,289)	(89,023)	(1,313,733)	(9,700)	(2,122,661)
On disposal	-	-	22,944	-	-	22,944
Depreciation for the year	-	(225,652)	(26,238)	(328,090)	(73,914)	(653,894)
Exchange rate differences	(63,980)	45,485	(4,334)	(78,940)	-	(101,769)
<b>As at March 31, 2017</b>	<b>(103,896)</b>	<b>(850,456)</b>	<b>(96,651)</b>	<b>(1,720,763)</b>	<b>(83,614)</b>	<b>(2,855,380)</b>
<b>Carrying amount</b>						
As at March 31, 2017	<u>1,942,710</u>	<u>2,127,357</u>	<u>230,278</u>	<u>2,299,492</u>	<u>1,065,603</u>	<u>7,665,440</u>

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2018**

**6. Intangible asset**

	<u>Software</u> <u>AED</u>
<b>Cost</b>	
As at March 31, 2016	9,129,404
Additions	356,552
Exchange rate differences	(59,593)
As at March 31, 2017	9,426,363
Additions	2,794,502
Exchange rate difference	94,139
<b>As at March 31, 2018</b>	<b><u>12,315,004</u></b>
<b>Amortization</b>	
As at March 31, 2016	(4,231,966)
Amortization for the year	(1,699,093)
Exchange rate difference	217,031
As at March 31, 2017	(5,714,028)
Amortization for the year	(1,516,517)
Exchange rate difference	(44,448)
<b>As at March 31, 2018</b>	<b><u>(7,274,993)</u></b>
<b>Carrying amount:</b>	
<b>As at March 31, 2018</b>	<b><u>5,040,011</u></b>
As at March 31, 2017	<u>3,712,335</u>

**7. Investments in associates**

The Group's investment in associate consists of the following entities:

<u>Name</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>		<u>Carrying amount</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		<u>%</u>	<u>%</u>	<u>AED</u>	<u>AED</u>
DSS Gulf Realtors Ltd, Dubai	UAE	50	50	13,603,810	16,340,420
BLS E-Services (Bangladesh) Limited	Bangladesh	49	-	<u>2,388</u>	-
				<u>13,606,198</u>	<u>16,340,420</u>



BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates

Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2018

7. Investments in associates (continued)

<u>Movements</u>	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b>Cost</b>		
Balance at the beginning of the year	16,340,420	-
Addition	2,388	-
Transfer from due from related party	-	16,340,420
	<u>16,342,808</u>	<u>16,340,420</u>
<b>Impairment</b>		
Balance at the beginning of the year	-	-
Charge during the year	(2,736,610)	-
	<u>(2,736,610)</u>	<u>-</u>
<b>Balance at the end of the year</b>	<u>13,606,198</u>	<u>16,340,420</u>

8. Related party transactions

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b>8.1 Due from related parties:</b>	<u>13,102,041</u>	<u>10,263,344</u>

*Presented in the consolidated statement of financial position as:*

Accounts and other receivables (Note 9)	<u>13,102,041</u>	<u>10,263,344</u>
---	-------------------	-------------------

**8.2 Due to related parties:**

	<u>385,030</u>	<u>323,157</u>
--	----------------	----------------

*Presented in the consolidated statement of financial position as:*

Accounts and other payables (Note 14)	<u>385,030</u>	<u>323,157</u>
---------------------------------------	----------------	----------------

The Group enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise entities under common ownership and/or common management and control and key management personnel. The shareholders and the management decide on the terms and conditions of the transactions and services received/ rendered from/to related parties as well as on other charges. During the year, the Group entered into the following transactions with the related parties:

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b>With entities under common management and control:</b>		
Consultancy expenses	<u>5,439,978</u>	<u>5,322,755</u>

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2018**

**9. Accounts and other receivables**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Receivable from customers	13,689,945	4,876,919
Less: Allowance for doubtful debts	<u>(313,371)</u>	<u>-</u>
	13,376,574	4,876,919
Due from related parties (Note 8.1)	<u>13,102,041</u>	<u>10,263,344</u>
	26,478,615	15,140,263
Deposits	1,874,121	3,332,470
Advance to suppliers	2,700,087	1,683,182
Staff advances	-	7,690
Prepayments	783,558	844,561
Other receivables	<u>3,736,919</u>	<u>3,392,406</u>
	<u>35,573,300</u>	<u>24,400,572</u>

**9.1 Age-wise analysis of accounts receivable**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Not past due	6,748,926	4,876,919
Past due but not impaired:		
Less than 180 days	2,676,515	-
More than 180 days	3,951,133	-
Past due and impaired	<u>313,371</u>	<u>-</u>
	<u>13,689,945</u>	<u>4,876,919</u>

The average credit period is 90 days. No interest is being charged on accounts receivable. Allowances for doubtful debts are recognized against accounts receivable above 360 days based on estimated irrecoverable amounts determined with reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Accounts receivable disclosed above include amounts (see above for aged analysis) that are past due at the end of the reporting period for which the group has not recognized the allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the group to the counterparty.

**9.2 Movement in the allowance for doubtful debts**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Impairment losses recognized on receivables	<u>313,371</u>	<u>-</u>

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2018**

**10. Other financial assets**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Term deposits	15,356,875	1,836,750
Margin deposits	<u>177,000</u>	<u>315,000</u>
	<u>15,533,875</u>	<u>2,151,750</u>

**11. Cash and cash equivalents**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Cash in hand	681,659	865,323
Cash in transit	53,233	-
Bank balances:		
In current accounts	<u>44,547,169</u>	<u>32,200,776</u>
	<u>45,282,061</u>	<u>33,066,099</u>

**12. Foreign currency translation reserve**

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. 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. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

**13. Provision for employees' end of service indemnity**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Opening balance	577,742	556,911
Charges for the year	128,473	127,423
Payments during the year	<u>(122,994)</u>	<u>(106,592)</u>
	<u>583,221</u>	<u>577,742</u>

**14. Accounts and other payables**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Payable to suppliers	2,840,981	3,188,314
Due to related parties (Note 8.2)	<u>385,030</u>	<u>323,157</u>
Advance from customers	3,226,011	3,511,471
Tax payable	2,177,518	-
Staff payables	728,228	182,983
Accruals	889,935	797,784
Other payables	1,874,414	367,191
	<u>467,979</u>	<u>379,626</u>
	<u>9,364,085</u>	<u>5,239,055</u>



**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2018**

**15. Service revenue**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Service charges*	322,701,901	287,305,858
Other income	<u>2,788,829</u>	<u>3,041,353</u>
	<u>325,490,730</u>	<u>290,347,211</u>

\*Services charges represent gross invoicing made to the customers for visa and passport processing services.

**16. Direct expenses**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Visa and passport processing charges	239,171,478	224,640,290
Other direct expenses	<u>4,621,837</u>	<u>10,828,122</u>
	<u>243,793,315</u>	<u>235,468,412</u>

**17. Other income**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Exchange rate gain	132,949	-
Miscellaneous	<u>1,321,206</u>	<u>1,040,208</u>
	<u>1,454,155</u>	<u>1,040,208</u>

**18. General, selling and administrative expenses**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Staff cost (Note 19)	20,040,619	16,901,190
Rent	4,567,500	3,981,158
License and professional	8,446,728	3,289,056
Bad and doubtful debts	1,415,599	-
Business promotion	102,028	35,950
Directors fee	7,278	55,125
Bank charges	119,159	391,375
Service fees	289,337	251,392
Commission	102,395	53,040
Computer expenses	64,283	28,439
Office maintenance	71,171	-
Tax expenses	1,156,922	58,267
Printing and stationery	325,660	276,316
Loss on disposal of property and equipment	-	18,956
Repairs and maintenance	311,037	165,025
Security	406,207	243,446
Software expenses	487,625	292,094
Communications	1,129,652	712,377
Transport and freight	56,559	-

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2018**

**18. General, selling and administrative expenses (continued)**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Training	199,857	35,384
Travel	1,971,609	1,407,714
Insurance	80,453	40,501
Vehicle maintenance	122,623	100,887
Exchange rate loss	-	68,295
Utilities	217,180	220,539
Others	1,610,346	637,082
	<u>43,301,827</u>	<u>29,263,608</u>

**19. Staff cost**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Salaries and allowances	17,908,964	15,770,368
Staff benefits	561,713	534,782
Others	1,569,942	596,040
	<u>20,040,619</u>	<u>16,901,190</u>

**20. Depreciation and amortization**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Depreciation of property and equipment (Note 5)	1,154,273	653,894
Amortization of intangible asset (Note 6)	1,516,517	1,699,093
	<u>2,670,790</u>	<u>2,352,987</u>

**21. Finance income**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Interest income	24,099	329

**22. Finance cost**

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
Interest expense	-	40,554

**23. Business acquisition**

On July 01, 2017, The Establishment acquired 100% ownership interests in BLS International Services (UK) Limited, England and Wales.

BLS International Services (UK) Limited is a private company limited by shares incorporated with the Registrar of Companies for England and Wales under Registration No. 10409072 on October 04, 2016. This Company has been acquired on July 01, 2017. The principal activity of the Company is providing services related to visa processing with Spain MOFA.

BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates

Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2018

23. Business acquisition (continued)

23.1 Assets acquired and liabilities recognized at the date of acquisition

	<u>2018</u>
	<u>AED</u>
<u>Assets</u>	
Non-current assets	286,230
Current assets	<u>1,025,747</u>
	<u>1,311,977</u>
<u>Liabilities</u>	
Non-current liabilities	-
Current liabilities	<u>(1,043,484)</u>
	<u>(1,043,484)</u>
Net assets acquired	<u>268,493</u>

23.2 Gain on business acquisition

	<u>2018</u>
	<u>AED</u>
Net consideration transferred	-
Less: Fair value of identifiable net assets acquired (Note 23.1)	<u>268,493</u>
	<u>268,493</u>

24. Contingent liability

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Labour guarantee	<u>177,000</u>	<u>315,000</u>

Labour guarantee represents the guarantee issued to Ministry of Labour for getting UAE work permit.

25. Operating lease commitments

Group as lessee:

At the date of consolidated statement of financial position, the Group has outstanding commitments under non-cancelable operating leases, which fall due as follows:

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Within 1 year	<u>106,550</u>	<u>3,021,373</u>



## 26. Financial instruments and risk management

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the consolidated financial statements.

### Categories of financial instruments

	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b>Financial assets</b>		
Loans and receivables (less advances and prepayments)	47,623,530	24,024,579
Cash and cash equivalents	<u>45,282,061</u>	<u>33,066,099</u>
	<u>92,905,591</u>	<u>57,090,678</u>
<b>Financial liabilities</b>		
Other financial liabilities (less advances)	<u>7,186,567</u>	<u>5,239,055</u>

### 26.1 Capital risk management

The capital is being managed by the Group in such a way that it is able to continue as a going concern while maximizing returns to investor. The Group's overall strategy remains unchanged from previous year.

The capital structure of the Group consists of cash and cash equivalent and equity of the Group (comprising of issued capital and retained earnings).

As risk management policy, the Group reviews its cost of capital and risks associated with each class of capital. The Group balances its capital structure based on the above review.

### 26.2 Credit risk management

Credit risk in relation to the Group refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

Key areas where the Group is exposed to credit risk are accounts and other receivables, bank balances and other financial assets (liquid assets).

The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties.

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the Central Bank.

**26. Financial instruments and risk management (continued)**

**26.2 Credit risk management (continued)**

Accounts receivables, balances with banks and other financial assets are not secured by any collateral. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

**26.3 Currency risk exposure**

The Group's currency risk exposure relates to the exposure to the fluctuations in the foreign currency rates. There is no significant impact on USD as the UAE Dirham is pegged to the USD.

**26.4 Liquidity risk management**

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Group manages the liquidity risk through risk management framework for the Group's short, medium and long term funding and liquidity requirements by maintaining adequate reserves and sufficient cash and cash equivalents to ensure that funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Group's remaining contractual maturity for its financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Group may be required to pay.

**As at March 31, 2018**

Other financial liabilities (less advances)

As at March 31, 2017

Other financial liabilities

**Within 1 year**

**AED**

**7,186,567**

**5,239,055**

**27. Segment information**

*Operating segment:*

The Group operates in the following segments: providing services related to visa and passport processing with Indian Embassy / Consulate and running travel agency, tour operations (mainly outbound) and management consultancy services.

*Geographical segment:*

The Group operates in the following geographical segments: Middle East, Asia Pacific and Europe.

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2018**

**27. Segment information (continued)**

**Segment**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Middle East	183,375,662	155,915,311
Asia Pacific	136,396,261	138,398,429
Europe	<u>5,718,807</u>	<u>3,301,297</u>

**28. Fair value of financial instruments**

The fair values of financial instruments approximate their carrying values except as otherwise disclosed in these consolidated financial statements.

**29. Comparative figures**

Certain comparative figures have been reclassified to conform to current year presentation.