VLCC INTERNATIONAL QATAR CO. (W.L.L)

FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2019

VLCC INTERNATIONAL QATAR CO. (W.L.L)
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

Contents

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Dr. Sultan Hassan Al Dosari
Auditing & Advisory
Member firm of
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INDEPENDENT AUDITOR'S REPORT

To the shareholders of VLCC International Qatar Co W.L.L

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **VLCC International Qatar Co W.L.L** (the Company), which comprise the statement of financial position as at March 31, 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the fifteen months period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, its financial performance and its cash flows for the fifteen months period then ended in accordance with International Financial Reporting Standards (IFRSs).

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 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 ethical requirements that are relevant to our audit of the financial statements in the State of Qatar, 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.

Material uncertainty relating to going concern

We draw attention to the equity section in the financial statements, which indicates that the company had accumulated losses amounting to QAR 1,054,434 as at March 31, 2019 (2018: QR 1,236,300) along with other matters indicating that a material uncertainty exists that may cast significant doubts on the company's ability to continue as a going concern. However the financial statements are prepared on going concern basis of accounting as management has ensured that the company will be more profitable in near future and they have taken steps to improve customer base and revenue. We have also received confirmation from shareholders of the Company that they undertake their continuous financial support to enable the company to meet its obligations as and when they become due in the foreseeable future. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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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.

Report on Other Legal and Regulatory Requirements

Further as required by Qatar Commercial Companies Law Number 11 of 2015, we report that:

- We have obtained all the information, we considered necessary for the purpose of our audit;
- The Company has maintained proper books of accounts and financial statements are in agreement therewith;
- We have not been provided with report of the Board of Directors to determine whether there is any financial information contained therein is in agreement with books of accounts and records of the Company; and
- Except as stated below, nothing has come to our attention which causes us to believe that the Company has breached any of the provision of the Qatar Commercial Companies law of 2015, or of its Article of Association, which would materially affect the reported results of its operations or its financial position as at March 31, 2019.

As of the balance sheet date, the accumulated loss of the company is more than 50% of share capital. Where article 298 of the Qatar Commercial Companies' Law No.11 of 2015 requires that in such an event, the shareholders need to pass a resolution either to reinstate the capital or dissolve the Group, however none of these were complied with.

Dr Sultan Hassan Al Dosari

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September 07, 2019

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VLCC INTERNATIONAL QATAR CO. (W.L.L)
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	Notes	March 31, 2019	March 31, 2018
		QR	QR
Assets			
Non-current asset			
Property and equipment	4	**18,128,564**	20,417,617
Current assets			
Inventories	5	**542,016**	521,983
Trade and other receivables	6	**842,375**	904,858
Cash and cash equivalents	7	**331,459**	719,456
Total current assets		**1,715,850**	2,146,297
Total assets		**19,844,414**	22,563,914
Equity and liabilities			
Equity			
Share capital	8	**200,000**	200,000
Statutory reserve		**100,000**	100,000
Shareholders account		**15,256,300**	17,978,653
Accumulated losses		**(1,054,434)**	(1,236,300)
Actuarial loss		**(991,727)**	(623,307)
Total equity		**13,510,139**	16,419,046
Liabilities			
Non-current liability			
Non current portion of employees end of service gratuity	9	**858,061**	371,166
Current liabilities			
Current portion of employees end of service gratuity	9	**20,169**	17,106
Trade and other payable	10	**3,740,573**	3,432,715
Expenses payable	11	**1,715,473**	2,323,881
Total current liabilities		**5,476,215**	5,773,702
Total liabilities		**6,334,276**	6,144,868
Total equity and liabilities		**19,844,414**	22,563,914
Contingencies and commitments	12		

Sanjeev Setia
Manager

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The annexed notes from 1 to 20 form an integral part of these financial statements.

VLCC INTERNATIONAL QATAR CO. (W.L.L)

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED MARCH 31, 2019

	Notes	March 31, 2019	March 31, 2018
		QR	QR
Revenue	**13**	**38,050,495**	33,603,212
Cost of revenue		**(14,024,098)**	(11,976,878)
Gross profit		**24,026,397**	21,626,334
General and administrative expenses	**14**	**(16,793,812)**	(15,081,289)
Depreciation	**4**	**(4,875,467)**	(4,855,711)
Selling and distribution expenses	**15**	**(1,693,845)**	(1,783,925)
Profit/(loss) from operating activities		**663,273**	(94,591)
Other income		**-**	31,387
Finance cost	**16**	**(300,891)**	(47,330)
Profit/(loss) before taxation		**362,382**	(110,534)
Taxation	**17**	**(180,516)**	-
Profit/(loss) for the year		**181,866**	(110,534)

The annexed notes from 1 to 20 form an integral part of these financial statements.

VLCC INTERNATIONAL QATAR CO. (W.L.L)
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2019

	Notes	**March 31, 2019**	March 31, 2018
		QR	QR
Other comprehensive income /(loss) for the year			
Profit/(loss) before taxation		**362,382**	(110,534)
Actuarial loss on defined benefit obligation	**9**	**(368,420)**	(623,307)
Total comprehensive loss for the year		**(6,038)**	(733,841)

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VLCC INTERNATIONAL QATAR CO. (W.L.L)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2019

	Note	March 31, 2019 QR	March 31, 2018 QR
Cash flow from operating activities:			
Profit/(loss) before taxation for the year		**362,382**	(110,534)
Adjustments for non-cash charges and other items:			
Finance cost	**16**	**300,891**	47,330
Depreciation	**4**	**5,280,416**	5,122,206
Provision for employees' end of service gratuity	**9**	**562,161**	129,688
		6,505,850	5,188,690
(Increase)/decrease in current assets:			
Inventories		**(20,033)**	129,501
Trade and other receivables		**62,483**	6,034
Increase/(decrease) in current liabilities:			
Trade and other payables		**127,341**	(92,745)
Staff payable		**(608,408)**	194,636
Cash (used in) / generated from operations.		**6,067,233**	5,426,116
Finance cost paid	**16**	**(300,891)**	(47,330)
Gratuity paid	**9**	**(440,623)**	(794,297)
Net cash generated from operating activities		**5,325,719**	4,584,489
Cash flow from investing activities:			
Purchase of property and equipment	**4**	**(2,991,363)**	(1,282,998)
Net cash used in investing activities		**(2,991,363)**	(1,282,998)
Cash flow from financing activities			
Repayment of borrowings		**-**	(1,216,618)
Movement in shareholders account	**9**	**(2,722,353)**	(2,528,897)
Net cash used in financing activities		**(2,722,353)**	(3,745,515)
Net (decrease)/increase in cash and cash equivalents		**(387,997)**	(444,024)
Cash and cash equivalents at the beginning of the year		**719,456**	1,163,480
Cash and cash equivalents at the end of the year		**331,459**	719,456

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VLCC INTERNATIONAL QATAR CO. (W.L.L)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

	Share capital	Statutory reserve	Shareholders account	Accumulated losses	Actuarial loss	Total
	QR	QR	QR	QR	QR	**QR**
Balance as at April 01, 2017	200,000	100,000	20,507,550	(1,125,766)	-	19,681,784
Loss for the year	-	-	-	(110,534)	-	(110,534)
Actuarial loss on defined benefit obligation	-	-	-	-	(623,307)	(623,307)
Movement i ls	-	-	(2,528,897)	-	-	(2,528,897)
Balance as at March 31, 2018	200,000	100,000	17,978,653	(1,236,300)	(623,307)	16,419,046
Balance as at April, 01 2018	**200,000**	**100,000**	**17,978,653**	**(1,236,300)**	**(623,307)**	**16,419,046**
Profit for the year	**-**	**-**	**-**	**181,866**	**-**	**181,866**
Movement in shareholders account	**-**	**-**	**(2,722,353)**	**-**	**-**	**(2,722,353)**
Actuarial loss on defined benefit obligation	**-**	**-**	**-**	**-**	**(368,420)**	**(368,420)**
Balance as at March 31, 2019	**200,000**	**100,000**	**15,256,300**	**(1,054,434)**	**(991,727)**	**13,510,139**

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The annexed notes from 1 to 20 form an integral part of these financial statements.

1 INCORPORATION AND ACTIVITIES

VLCC International Qatar Co. (W.L.L) incorporated in Doha in the State of Qatar on May 2, 2010 as a Limited Liability company under commercial registration number 45699. The main activities of the company are slimming, skin, and hair services.

2 BASIS OF PREPARATION

2.1 Accounting convention and basis of preparation

These financial statements have been prepared under the historical cost convention except as other wise stated in the respective policies and notes given hereunder. The company's functional and reporting currency is Qatari Riyals (QR). These Financial Statements are prepared on the basis that the company is a going concern, (i.e. as continuing operation for the foreseeable future) and it has no intention or necessity to liquidate.

2.2 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.3 NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRIC INTERPRETATIONS

2.3.1 Adoption of new and revised Standards

During the current period, the company adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on January 01,

Topic	Effective date
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 4 'Insurance Contracts' - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018

The adoption of the above amendments and interpretations had no significant impact on the company's financial statements.

2.3.2 Standards issued but not yet effective

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretations did not have any material effect on these financial statements. The following revised standards, amendments and interpretations to the approved accounting standards, would be effective from the dates mentioned below against the respective standards:

Topic	Effective date
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

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3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and provision for end of service benefits. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Cost includes expenditure that is directly attributable to the acquisition of the asset and reliably measurable subsequent costs only when it is probable that future economic benefits associated with the item will flow to the company.

These assets are depreciated on reducing balance method at rates given below so as to write off the cost of assets over their estimated useful lives. The company charges depreciation on all additions from the date of purchase and ceases the charge of depreciation when the asset is disposed off.

Maintenance and normal repairs are charged to income statement as and when incurred. Gain or loss, if any, on disposal of assets is credited or charged to income statement in the year of disposal.

The company reviews the useful life and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on depreciation charge and impairment. The rates of depreciation used are as follows:

Motor vehicles	25%
Leasehold improvements	11%
Machinery and equipment	10%
Furniture and fixtures	14%
Computers	25%
Office equipment	10%

3.3 Impairment

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. The recoverable amount is the higher of an asset's 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of income, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as revaluation decrease. Impairment losses are recognized as expense in the statement of profit or loss.

3 Significant accounting policies *(Continued....)*

3.3 Impairment *(Continued....)*

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.4 Inventories

Inventories are stated at the lower of cost or net realizable value as per IAS 2 "Inventories". Inventories comprise beauty products which are used in different services as well as for sales. Cost is assigned using weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Allowance is made for slow-moving and obsolete items based on management's judgment.

When inventories are sold, the carrying amounts of those inventories are recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

3.5 Financial instruments

3.5.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

3.5.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial asset is classified into loans and receivables upon initial recognition.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs' or 'other income - net'.

3.5.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than twelve months after the end of the reporting period which are classified as non-current assets.

Loans and receivables comprise trade and most other receivables, amounts due from credit card customers and cash and cash equivalents.

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3 Significant accounting policies *(Continued….)*

3.5 Financial instruments *(Continued…..)*

3.5.3 Loans and receivables *(Continued…..)*

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

3.5.4 Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the income statement. Impairment for assets carried at cost is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

3.5.5 Classification and subsequent measurement of financial liabilities

Financial liabilities comprise, trade and most other payables, vehicle loan and bank overdraft.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are included within 'finance costs'.

3.5.6 Offsetting financial instruments

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

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank.

3.7 Share capital, retained earnings and partners' current account

Share capital represents the nominal value of shares that have been issued.

Accumulated include all current and prior period losses.

All transactions with the owners of the company are separately recorded within the equity under partners' current account.

Gains/losses arising from actuarial valuation are recorded in other comprehensive income.

3.8 Statutory reserve

In accordance with Qatar Commercial Company's Law No.11 of 2015, the company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the capital. This reserve is not available for distribution except in circumstances as specified in the Law.

3.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3 Significant Accounting Policies *(Continued….)*

3.9 Provisions, contingent liabilities and contingent assets *(Continued….)*

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the company that do not yet meet the recognition criteria of an asset are considered contingent assets.

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence/non-occurrence of the uncertain future event(s).

Employees end of service benefits

IAS 19, Employee benefits, requires that certain assumptions are made in order to determine the amount to be recorded in particular for defined benefit plan. These are mainly actuarial assumptions such as expected future salary increases, average life expectancy and discount rates.

Defined benefit plans

For defined benefit plans, the amount to be recognized in the provision is determined using the projected unit credit method. Independent actuaries M/s. Saked Singhal Actuarial and Financial consultants perform the actuarial valuations for the defined benefit plans on a regular basis. These valuations take place annually.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

3.10 Revenue recognition

Sales income is recognized when significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding the determination of consideration, associated costs or the possible return of goods or services. Sales represent the invoiced value of goods or services supplied by the company during the year net of sales returns and discounts, if any.

3.11 Deferred revenue (Unexecuted packages)

Company's policy is that it receives cash in advance, 100% or 50%, when the packages are booked. This advance is recorded as UEP in the financial statements. Total amount of revenue is calculated adding opening UEP in revenue and closing UEP is deducted from the total revenue. Closing UEP is recorded as liability in the financial statements in the year in which it arise.

3.12 Operating expenses

'Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

3.13 Taxation

Income tax expense represents current and deferred tax expense/income.

Current

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's current tax expense is calculated using tax rates that have been enacted or substantively enacted in the State of Qatar during the reporting period.

3 Significant Accounting Policies *(Continued….)*

3.13 Taxation *(Continued…..)*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and deferred income tax liabilities are offset and reported net on the statement of financial position if:

The company has a legally enforceable right to set off current income tax assets against current income tax liabilities: and

Deferred tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

These taxes are included as a component of operating expenses in the statement of comprehensive income.

4 PROPERTY AND EQUIPMENT

	Motor vehicles	Leasehold improvements	Machinery & equipment	Furniture & fixtures	Computers	Office equipment	Total
	QR	QR	QR	QR	QR	QR	**QR**
Cost							
Balance as at April 01, 2017	81,370	42,674,378	2,349,415	294,710	616,051	243,237	**46,259,161**
Additions during the year	-	16,650	1,216,821	39,808	-	9,719	**1,282,998**
Balance as at March 31, 2018	81,370	42,691,028	3,566,236	334,518	616,051	252,956	**47,542,159**
Additions during the year	**-**	**1,086,500**	**1,846,427**	**31,099**	**14,843**	**12,494**	**2,991,363**
Balance as at March 31, 2019	**81,370**	**43,777,528**	**5,412,663**	**365,617**	**630,894**	**265,450**	**50,533,522**
Accumulated depreciation							
Balance as at April 01, 2017	81,369	20,171,996	994,612	184,800	475,703	93,856	**22,002,336**
Depreciation for the year	-	4,742,853	297,882	42,069	46,179	24,610	**5,153,593**
Adjustment for the year	-	-	(13,966)	-	(17,421)	-	**(31,387)**
Balance as at March 31, 2018	**81,369**	**24,914,849**	**1,278,528**	**226,869**	**504,461**	**118,466**	**27,124,542**
Depreciation for the year	**-**	**4,793,022**	**404,949**	**40,249**	**16,964**	**25,232**	**5,280,416**
Balance as at March 31, 2019	**81,369**	**29,707,871**	**1,683,477**	**267,118**	**521,425**	**143,698**	**32,404,958**
Net book value							
As at March 31, 2019	**1**	**14,069,657**	**3,729,186**	**98,499**	**109,469**	**121,752**	**18,128,564**
As at March 31, 2018	1	17,776,179	2,287,708	107,649	111,590	134,490	20,417,617

Allocation:	**March 31,2019**	March 31,2018
Cost of sales	**404,949**	297,882
Indirect expenses	**4,875,467**	4,855,711
	5,280,416	5,153,593

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			March 31, 2019 QR	March 31, 2018 QR
5 INVENTORIES				
Inventories			**542,016**	521,983
6 TRADE AND OTHER RECEIVABLES				
Refundable deposit			**203,940**	203,940
Credit card receivables			**581,626**	452,253
Financial assets			**785,566**	656,193
Prepaid expenses			**56,809**	220,403
Staff advance			**-**	28,262
			842,375	904,858
7 CASH AND CASH EQUIVALENTS				
Cash at bank			**237,868**	595,172
Cash in hand			**93,591**	124,284
			331,459	719,456
8 SHARE CAPITAL	**Share % 2019**	Share % 2018		
International Project Development company W.L.L	**51%**	51%	**102,000**	102,000
VLCC International Inc (BVI)	**49%**	49%	**98,000**	98,000
	100%	100%	**200,000**	200,000
9 EMPLOYEES END OF SERVICE BENEFITS				
Opening net liability			**388,272**	429,574
Expenses as below			**930,581**	752,995
Benefits paid			**(440,623)**	(794,297)
Employees' gratuity			**878,230**	388,272
Transferred to current portion			**(20,169)**	(17,106)
Non current portion			**858,061**	371,166

The employees' benefit obligation as at the balance sheet date for the reporting year are as follows:

Present value of defined benefit obligation	**470,235**	388,272
Fair value of plan asset	**-**	-
provision/liability	**-**	-
	470,235	388,272

MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Present value of defined benefit obligation at the beginning of the year	**388,272**	429,574
Interest cost	**27,917**	32,089
Current service cost	**126,249**	97,599
Benefit paid	**(440,623)**	(794,297)
Actuarial (gain)/loss	**368,420**	623,307
Present value of defined benefit obligation at the end of the year	**470,235**	388,272

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		March 31, 2019 QR	March 31, 2018 QR
9	**EMPLOYEE END OF SERVICE BENEFITS *(Continued)***		
	Other comprehensive income methodology is being adopted for the first time for March 2018 valuation.		
	Amount recognized in profit and loss account:		
	Current service cost	**534,244**	97,599
	Interest cost	**27,917**	32,089
	Net actuarial loss recognized	**-**	-
	Total defined benefit cost/(Income) included in profit & loss	**562,161**	129,688
	Amount recognized in other comprehensive income account:		
	Effect of experience adjustments	**350,640**	623,307
	Effect of charges of financial assumption	**17,780**	
	Total remeasurements recognized in other comprehensive income	**368,420**	623,307
	Principal actuarial assumptions used were as follows:		
	Discount rate per annum	**7**	7
	Expected rate of increase in eligible salary per annum	**4**	4
	Retirement age in years	**60**	60
	Mortality table	**IALM (2006 - 2008)**	
	Employee turn over rate		
	All ages	**2%**	2%
10	**TRADE AND OTHER PAYABLES**		
	Deferred revenue	**1,505,874**	1,890,076
	Trade creditors	**1,628,804**	1,234,660
	Accrued expenses	**-**	26,979
	Other payables	**605,894**	281,000
		3,740,573	3,432,715
11	**EXPENSES PAYABLE**		
	Salary and incentive payable to staff	**1,549,567**	1,740,582
	Travel and airticket payable to staff	**-**	290,150
	Other payables to staff	**165,906**	293,149
		1,715,473	2,323,881

12 CONTINGENCIES AND COMMITMENTS

The company had no contingent liabilities as at March 31, 2019 and March 31, 2018.

13 REVENUE

	March 31, 2019 QR	March 31, 2018 QR
Slimming sales	**13,617,677**	22,700,133
Beauty sales	**13,195,684**	8,021,248
Beauty regular sales	**9,533,046**	977,498
Product sales	**1,319,886**	1,155,089
UEP opening	**1,890,076**	2,639,320
Less UEP closing	**(1,505,874)**	(1,890,076)
	38,050,495	33,603,212

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14 GENERAL AND ADMINISTRATIVE EXPENSES

	March 31, 2019	March 31, 2018
	QR	QR
Salaries and allowances	**11,793,184**	9,666,007
Rent	**2,268,000**	2,220,000
Cleaning charges	**757,399**	808,871
Management fees	**433,128**	531,250
Bank charges	**24,473**	263,173
Staff Welfare	**433,211**	244,379
Telephone and communication	**280,433**	244,339
Insurance expense	**48,564**	228,417
Repair and maintenance	**143,009**	205,136
Travelling expenses	**139,095**	197,544
Water and electricity	**165,980**	170,642
Visa expenses	**193,285**	142,987
Printing and stationery	**44,014**	51,966
Legal and professional charges	**47,153**	33,587
Other expenses	**22,884**	72,991
	16,793,812	15,081,289

15 SELLING AND DISTRIBUTION EXPENSES

Business promotion	**130,129**	1,480,525
Event expenses	**70,022**	218,580
Local advertisement	**1,493,694**	84,820
	1,693,845	1,783,925

16 FINANCE COST

Interest on bank loan	**-**	24,139
Credit cards interest	**300,891**	23,191
	300,891	47,330

17 INCOME TAX

The company is subject to corporate income tax in accordance with the provisions of Income Tax Law 21, 2009. The income tax in based on the profit attributable, directly or indirectly to non Qatari share holder. In accordance with the company's Articles No.7 , 49% of profit is attributable to the non Qatari owner.

(Loss)/profit before tax for the year	**362,382**	(110,534)
Adjustments:		
Non deductible provisions	**15,707**	116,760
Non deductable salaries and wages	**433,128**	531,250
Non deductible depreciation	**1,643,533**	1,632,822
	2,454,750	2,170,298
Carry forward losses	**(554,577)**	(2,724,875)
Taxable income for the year	**1,900,173**	(554,577)
Tax = taxable income x 10%	**190,017**	-
Share of non Qatari share holder	**0.95**	0.95
Tax due	**180,516**	-
Total income tax due	**180,516**	-

18 FINANCIAL RISK MANAGEMENT

The company's principal financial liabilities, comprise trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has loan and other receivables, trade and other receivables, and cash that arrive directly from its operations.

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company's senior management oversees the management of these risk. Financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and company risk appetite. It is the company's policy that no trading in derivatives for speculative purpose shall be undertaken.

18.1 Credit risk

Credit risk represents the accounting loss that would be recognised on the reporting date if counter parties fail to perform as contracted. The company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	March 31, 2019	March 31, 2018
Refundable deposit	**203,940**	203,940
Credit card receivables	**581,626**	452,253
Cash and cash equivalents (cash at bank only)	**237,868**	595,172
Financial assets	**1,023,434**	1,251,365

The company's exposure to credit is limited and is controlled as the company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The company's policy is to deal only with creditworthy counterparties.

The company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be high.

Cash is placed with reputable bank. Hence, the credit risk for cash and cash equivalents is deemed low since the counterparty are reputable bank with high quality external credit ratings.

18.2 Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall finding mix and avoidance of undue reliance on large individual customer.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

18.3 Fair value estimation

The carrying values less any estimated adjustments for financial assets and liabilities with maturity of less than one year are assumed to approximate their fair values.

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18 FINANCIAL RISK MANAGEMENT(*Continued.....*)

18.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing returns.

18.5 Currency / Foreign exchange rate risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Most of the company's transactions are carried out in QR. Management of the company does not enter into future agreement to hedge its currency risk. However, these are monitored on regular basis and corrective measures initiated wherever required. Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

18.6 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

19 RECLASSIFICATIONS

The comparative figures have been reclassified in order to conform with current year's presentation and improve the quality of information presented. However, there is no effect on previously reported total assets, total equity, total liabilities and profit for the year, therefore, the requirement for presentation of three statements of financial position as per IAS 1 "Presentation of Financial Statements" is omitted.

20 GENERAL

20.1 Rounding off

Figures have been rounded off to the nearest QR 1.

20.2 Authorization and events occurring after the reporting date

These financial statements for the year ended March 31, 2019 were authorized for issue by the Directors of the company, signed on their behalf by the General Manager of the company. No significant events occurred after the reporting period which require adjustment or disclosure to be made in the financial statements.

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