

VLCC INTERNATIONAL QATAR CO. W.L.L.

**Financial Statements
For the year ended March 31, 2020**

VLCC INTERNATIONAL QATAR CO. W.L.L
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT**To the shareholders of****VLCC International Qatar Co. (W.L.L.)****Report on the Audit of the Financial Statements**

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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, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and of its financial performance and its cash flows for the year 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.

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, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 auditors' 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 auditors' 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.

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 were unable to perform the physical verification of the Company's inventories in accordance with established principles since our appointment as auditor was made subsequent to the reporting date, however, alternative audit procedures have been performed in order to verify inventory;
- We have not been provided with the 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
- 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, 2020.



Dr. Sultan Hassan Al Dosari

Dr. Sultan Al Dosari & Partners Chartered Accountants
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Doha, State of Qatar
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VLCC INTERNATIONAL QATAR CO. W.L.L
 STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2020

	Notes	March 31, 2020 ----- QR -----	March 31, 2019 ----- QR -----
Assets			
Non current assets			
Property and equipment	4	18,480,881	18,128,564
Right of use assets	5	1,215,293	-
Total non current assets		<u>19,696,174</u>	<u>18,128,564</u>
Current assets			
Inventories		712,052	542,016
Trade and other receivables	6	449,232	842,375
Cash and cash equivalents	7	79,083	331,459
Total current assets		<u>1,240,367</u>	<u>1,715,850</u>
Total assets		<u><u>20,936,541</u></u>	<u><u>19,844,414</u></u>
Equity and liabilities			
Equity			
Share capital	8	200,000	200,000
Statutory reserve		100,000	100,000
Shareholder's account		13,564,152	15,256,300
Retained earnings / accumulated losses		863,276	(1,054,434)
Other components of equity		(1,077,427)	(991,727)
Total equity		<u>13,650,001</u>	<u>13,510,139</u>
Liabilities			
Non current liabilities			
Non current portion of employee end of service gratuity	9	781,439	858,061
Lease liability - non-current portion	10	159,537	-
Total non current liabilities		<u>940,976</u>	<u>858,061</u>
Current liabilities			
Current portion of employee end of service gratuity	9	35,317	20,169
Lease liability - current portion	10	1,077,307	-
Trade and other payable	11	3,298,125	3,206,036
Staff expenses payable	12	1,202,995	1,715,473
Due to related parties	13	731,820	534,536
Total current liabilities		<u>6,345,564</u>	<u>5,476,214</u>
Total liabilities		<u>7,286,540</u>	<u>6,334,275</u>
Total equity and liabilities		<u><u>20,936,541</u></u>	<u><u>19,844,414</u></u>

Sandeep Ahuja

Sandeep Ahuja
 Manager



The annexed notes from 1 to 21 form an integral part of these financial statements.

VLCC INTERNATIONAL QATAR CO. W.L.L

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2020

	Notes	March 31, 2020	March 31, 2019
		----- QR -----	
Revenue	14	38,715,977	38,050,495
Cost of revenue		(15,475,207)	(14,024,098)
Gross profit		23,240,770	24,026,397
Depreciation		(1,743,818)	(4,875,467)
Depreciation on right of use asset		(2,001,336)	-
General and administrative expenses	15	(16,887,360)	(18,487,658)
Profit from operating activities		2,608,256	663,273
Finance cost	16	(489,239)	(300,891)
Profit before taxation		2,119,017	362,382
Taxation	17	(201,307)	(180,516)
Profit for the year		1,917,710	181,866
Other comprehensive income for the year			
Actuarial loss on defined benefit obligation	9	(85,700)	(368,420)
Total comprehensive income / (loss) for the year		1,832,010	(186,554)

The annexed notes from 1 to 21 form an integral part of these financial statements.

VLCC INTERNATIONAL QATAR CO. W.L.L
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2020

	Share capital	Statutory reserve	Shareholder's account	Retained earnings / Accumulated losses	Other components of equity	Total
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
Other comprehensive loss for the year	-	-	-	-	(368,420)	(368,420)
Net movement in shareholders' account	-	-	(2,722,353)	-	-	(2,722,353)
Balance as at March 31, 2019	200,000	100,000	15,256,300	(1,054,434)	(991,727)	13,510,139
Profit for the year	-	-	-	1,917,710	-	1,917,710
Net movement in shareholders' account	-	-	(1,692,148)	-	-	(1,692,148)
Other comprehensive loss for the year	-	-	-	-	(85,700)	(85,700)
Balance as at March 31, 2020	200,000	100,000	13,564,152	863,276	(1,077,427)	13,650,001

-----QR-----

The annexed notes from 1 to 21 form an integral part of these financial statements.

VLCC INTERNATIONAL QATAR CO. W.L.L

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2020

	Note	March 31, 2020	March 31, 2019
		----- QR -----	
Cash flow from operating activities			
Profit before taxation for the year		2,119,017	362,382
Adjustments for non-cash charges and other items:			
Finance cost	16	489,239	300,891
Depreciation on property and equipment	4	2,374,394	5,280,416
Depreciation on right of use assets		2,001,336	-
Provision for employees' end of service gratuity	9	186,529	562,161
		<u>7,170,515</u>	<u>6,505,850</u>
(Increase)/decrease in current assets:			
Inventories		(170,036)	(20,033)
Trade and other receivables		393,143	62,483
Increase/(decrease) in current liabilities:			
Trade and other payables		71,298	127,341
Expense payable		(512,478)	(608,408)
Due to related parties		197,284	-
Cash generated from operations		<u>7,149,725</u>	<u>6,067,233</u>
Finance cost paid	16	(333,024)	(300,891)
Income tax paid		(180,516)	-
Gratuity paid	9	(333,703)	(440,623)
Net cash generated from operating activities		<u>6,302,482</u>	<u>5,325,719</u>
Cash flow from investing activities			
Purchase of property and equipment	4	(2,726,711)	(2,991,363)
Net cash used in investing activities		<u>(2,726,711)</u>	<u>(2,991,363)</u>
Cash flow from financing activities			
Movement in shareholder's current account		(1,692,148)	(2,722,353)
Lease payments (on right of use assets)	10	(2,136,000)	-
Net cash used in investing activities		<u>(3,828,148)</u>	<u>(2,722,353)</u>
Net decrease in cash and cash equivalents		(252,377)	(387,997)
Cash and cash equivalents at the beginning of the year		331,459	719,456
Cash and cash equivalents at the end of the year		<u>79,083</u>	<u>331,459</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

VLCC INTERNATIONAL QATAR CO. W.L.L
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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 care, and hair care services.

Shareholders	Nationality	Percentage of shareholder	
		2019	2018
International Project Development Company W.L.L.	Qatar	51%	51%
VLCC International Inc (BVI)	UK Vargin Island	49%	49%

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, 2019:

Topic	Effective date
IFRS 3 : Business Combination	January 01, 2019
IFRS 11 : Joint Arrangements	January 01, 2019
IAS 12 : Income Taxes	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019
IAS 23 : Borrowing costs	January 01, 2019
Amendments in IFRS 9 : Financial Instruments	January 01, 2019
Amendments in IFRS 19 : Employee Benefits	January 01, 2019
Amendments in IAS 28 : Investment in Associate and Joint Venture	January 01, 2019

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

IFRS 16 Leases

IFRS 16 introduces a single, on-statement of financial position accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments in the statement of financial position.

The Company has adopted IFRS 16 using the modified retrospective approach option 2 with simplified right-of-use asset (ROU) from April 01, 2019, but has not restated comparatives, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position as at April 01, 2019.

VLCC INTERNATIONAL QATAR CO. W.L.L
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

IFRS 16 Leases (Continued.....)

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate of 7% at April 01, 2019.

Impact on the statement of financial position (increase / (decrease) as at April 01, 2019

	As previously reported	Adjustments ----- QR -----	As restated
Assets			
Right-of-use assets	-	3,216,629	3,216,629
Liabilities			
Lease liabilities	-	3,216,629	3,216,629

Impact on the statement of profit or loss and other comprehensive income (increase / (decrease)

	March 31, 2020 -----QR-----
Increase in finance cost on leases	156,215
Increase in depreciation	2,001,336
Decrease in general and admin expenses	(2,136,000)
	<u>21,551</u>

2.4.2 Standards issued but not yet effective

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 References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 01, 2020
Amendments to IAS 1 and IAS 8 relating to definition of material	January 01, 2020
IFRS 17 Insurance Contracts	January 01, 2023
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures (2011) relating to the treatment of the sale or construction of the assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

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.

Significant estimates and judgments (Continued....)

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 and provision for end of service benefits and employee obligations. 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.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) useful life of property and equipment	3.2
(b) impairment of financial assets	3.4
(c) expected credit loss model	3.6.3
(d) employees' end of service benefit	3.11
(e) provisions, contingent liabilities and contingent assets	3.12
(f) taxation	3.17

3.2 Property and equipment

These are stated at cost less accumulated depreciation and accumulated 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 straight line method at rates mentioned 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 statement of profit or loss as and when incurred. Gain or loss, if any, on disposal of assets is credited or charged to statement of profit or loss 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 given below;

Category of assets	Useful life	Rate
Motor vehicles	4 Years	25%
Leasehold improvements	9 - 10 Years	11%
Machinery and equipment	10 Years	10%
Furniture and fixtures	7 Years	14%
Computer and accessories	4 Years	25%
Office equipment	10 Years	10%

3.3 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term or the estimated useful lives of the assets.

3.4 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 recognised immediately in the statement of profit or loss and comprehensive income. 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.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value with due allowance for any obsolete or slow moving and defective items. Costs are those expenses incurred in bringing each product to its present location and condition and these are valued at first in first out method of valuation.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

The Company reviews the carrying amount of stock in trade on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

3.6 Financial instruments

3.6.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized 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.

3.6.2 Financial assets: subsequent measurement

Financial asset classification and measurement is an area where many changes have been introduced by IFRS 9. Consistent with IAS 39, the classification of a financial asset is determined at initial recognition, however, if certain conditions are met, an asset may subsequently need to be reclassified.

Subsequent to initial recognition, all assets within the scope of IFRS 9 are measured at:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); or
- fair value through profit or loss (FVTPL).

The FVTOCI classification is mandatory for certain debt instrument assets unless the option to FVTPL ('the fair value option') is taken. Whilst for equity investments, the FVTOCI classification is an election. The requirements for reclassifying gains or losses recognised in other comprehensive income (OCI) are different for debt and equity investments. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognised directly in profit or loss. The difference between cumulative fair value gains or losses and the cumulative amounts recognised in profit or loss is recognised in OCI until derecognition, when the amounts in OCI are reclassified to profit or loss. This contrasts with the accounting treatment for investments in equity instruments designated at FVTOCI under which only dividend income is recognised in profit or loss with all other gains and losses recognised in OCI and there is no reclassification on derecognition.

3.6.3 Expected credit loss model

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 Revenue from Contracts with Customers and lease receivables under IFRS 16 Leases.

Entities are generally required to recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL. For trade receivables, a simplified approach is applied whereby the lifetime ECL are always recognised.

The management has made an expected credit loss assessment as per the requirements of IFRS 9 and the assessment had no significant impact on the company's financial statements.

3.6.4 Impairment and collectability of financial assets

Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its financial assets. The allowance for impairment charged depends on whether there has been a significant increase in credit risk.

Following are financial assets(s) that are subject to the ECL model:

Trade and other receivables

Cash at bank

3.6.5 Classification and subsequent measurement of financial liabilities

Financial liabilities comprise, trade and most other payables and amounts due to related parties.

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

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

3.6.5 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 recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank accounts that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

3.8 Equity and reserves

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

Retained earnings include all current and prior years' profits and losses.

All transactions with the owners of the Company are recorded separately within equity.

3.10 Statutory reserve

In accordance with Qatar Commercial Companies 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.

3.11 Employees end of service benefit

Provision for employees' end of service benefit is provided for, in accordance with the Qatar Labor law and its based on current remuneration and cumulative years of service at the statement of financial position date. Provision for employees' end of service benefit is based on the management's best estimate of the amount required to meet the obligation and is computed at 21 days of last basic salary.

Employees end of service benefit (Continued....)

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 statement of profit or loss.

3.12 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, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. 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.

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.

3.13 Revenue from contracts with customers

3.13.1 Revenue recognition

The Company is engaged in the business of providing are slimming, skin, and hair services in Qatar. Revenue from providing services is recognised in the accounts period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

3.13.2 Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

3.14 Operating expenses

Operating expenses are recognised in statement of profit or loss and comprehensive income 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.

3.15 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) Company as a lessee

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

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company obtain borrowing rate from the Qatar National Bank at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.16 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in statement of profit or loss for the year.

3.17 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity, respectively.

Current

The current income tax charge is calculated on the basis of the Qatar Tax Law No. 24 of 2018. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements.

Deferred (Continued....)

However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not account for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

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4 PROPERTY AND EQUIPMENT

	Motor vehicles	Leasehold improvements	Machinery & equipment	Furniture & fixtures	Computers	Office equipment	Total
Cost							
Balance as at April 01, 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
Additions during the year	-	1,109,350	1,590,100	-	2,399	24,862	2,726,711
Balance as at March 31, 2020	81,370	44,886,878	7,002,763	365,617	633,293	290,312	53,260,233
Accumulated depreciation							
Balance as at April 01, 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
Depreciation for the year	-	1,630,770	630,576	41,874	42,939	28,235	2,374,394
Balance as at March 31, 2020	81,369	31,338,641	2,314,053	308,992	564,364	171,933	34,779,352
Net book value							
As at March 31, 2020	1	13,548,237	4,688,710	56,625	68,929	118,379	18,480,881
As at March 31, 2019	1	14,069,657	3,729,186	98,499	109,469	121,752	18,128,564
Allocation of depreciation charge for the year is as follows:			March 31, 2020	March 31, 2019			
Cost of revenue			630,576	404,949			
Indirect expenses			1,743,818	4,875,467			
			2,374,394	5,280,416			

VLCC INTERNATIONAL QATAR CO. W.L.L
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5 RIGHT OF USE ASSETS	Office space ----- QR -----
Cost	
Balance as at April 01, 2019	-
Additions during the year	3,216,629
Balance as at March 31, 2020	<u><u>3,216,629</u></u>
Accumulated depreciation	
Balance as at April 01, 2019	-
Depreciation for the year	2,001,336
Balance as at March 31, 2020	<u><u>2,001,336</u></u>
Net book value	
As at March 31, 2020	<u><u>1,215,293</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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	March 31, 2020	March 31, 2019
	----- QR -----	
6 TRADE AND OTHER RECEIVABLES		
Refundable deposit	203,940	203,940
Prepaid expenses	133,993	56,809
Credit card receivables	26,281	581,626
Advance to supplier	3,145	-
Staff advance	81,873	-
	<u>449,232</u>	<u>842,375</u>
7 CASH AND CASH EQUIVALENTS		
Cash at bank	73,999	237,868
Cash in hand	5,084	93,591
	<u>79,083</u>	<u>331,459</u>
8 SHARE CAPITAL	Share %	
International Project Development Company W.L.L	51%	102,000
VLCC International Inc (BVI)	49%	98,000
	<u>100%</u>	<u>200,000</u>
9 EMPLOYEE END OF SERVICE BENEFITS		
Opening net liability	878,230	388,272
Expenses as below	272,229	930,581
Benefits paid	<u>(333,703)</u>	<u>(440,623)</u>
Employees' gratuity	816,756	878,230
Transferred to current portion	<u>(35,317)</u>	<u>(20,169)</u>
Non current portion	<u>781,439</u>	<u>858,061</u>
The employees' benefit obligation as at the balance sheet date for the reporting year are as follows:		
Present value of defined benefit obligation	532,199	470,235
Fair value of plan asset	-	-
Unfunded provision/liability recognized and to be recognized in balance sheet	<u>-</u>	<u>-</u>
	<u>532,199</u>	<u>470,235</u>
Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	470,235	388,272
Interest cost	54,270	27,917
Current service cost	255,697	126,249
Benefit paid	<u>(333,703)</u>	<u>(440,623)</u>
Actuarial (gain)/loss	85,700	368,420
	<u>532,199</u>	<u>470,235</u>
Present value of defined benefit obligation at the end of the year		
Amount recognized in profit and loss account:		
Current service cost	255,697	534,244
Interest cost	54,270	27,917
Reversal of excess provision	<u>(123,438)</u>	<u>-</u>
Total defined benefit cost included in the statement of profit or loss	<u>186,529</u>	<u>562,161</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	March 31, 2020	March 31, 2019
	----- QR -----	
9 EMPLOYEE END OF SERVICE BENEFITS (Continued)		
Other comprehensive income methodology is being adopted for the first time for March 2020 valuation.		
Amount recognized in other comprehensive income:		
Effect of experience adjustments	(13,282)	350,640
Effect of charges of financial assumption	99,586	17,780
Effect of change in demographic assumptions	(604)	-
Total remeasurements recognized in other comprehensive income	85,700	368,420
Principal actuarial assumptions used were as follows:		
Discount rate per annum	6.24%	7.19%
Expected rate of increase in eligible salary per annum	4	4
Retirement age in years	60	60
	IALM {2012- 2014}	IALM {2006- 2008}
Mortality table		
Employee turn over rate		
All ages	2%	2%

10 LEASE LIABILITY

VLCC W.L.L (the Company) has lease for the wellness center building at 3 locations. The same leases are reflected on the statement of financial position as a right-of-use and a lease liability. The Company classifies its right-of-use assets in a consistent manner. This lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company.

	Notes	March 31, 2020	March 31, 2019
		----- QR -----	
At April 01, 2019		-	-
Adoption of IFRS 16		3,216,629	-
Accrued interest during the year		156,215	-
Payment made during the year		(2,136,000)	-
		1,236,844	-
Current portion		1,077,307	-
Non-Current portion		159,537	-
Amount recognised in statement of profit or loss due to IFRS 16:			
Depreciation expense of right-of-use assets		2,001,336	-
Interest expense on lease liabilities		156,215	-
Total amount recognised in statement of profit or loss		2,157,551	-

11 TRADE AND OTHER PAYABLES

Deferred revenue		1,682,339	1,505,874
Trade creditors		1,022,927	1,094,268
Accrued expenses		50,290	-
Tax payable	17	201,307	180,516
Other payables		341,262	425,378
		3,298,125	3,206,036

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

	March 31, 2020	March 31, 2019
	----- QR -----	
12 STAFF EXPENSES PAYABLE		
Salary and incentive payable to staff	1,036,459	1,549,567
Other payables to staff	166,536	165,906
	<u>1,202,995</u>	<u>1,715,473</u>
13 DUE TO RELATED PARTIES		
Bellewave Cosmetics PTE Ltd	727,484	534,536
VLCC Personal Care Ltd	4,336	-
	<u>731,820</u>	<u>534,536</u>
14 REVENUE		
Slimming sales	11,243,468	14,001,879
Beauty regular sales	10,308,614	9,533,046
Dermat Package	7,209,748	-
Laser Package	6,333,198	-
Beauty sales	2,028,501	13,195,684
Product sales	1,592,448	1,319,886
	<u>38,715,977</u>	<u>38,050,495</u>
15 GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and allowances	11,509,416	11,793,184
Local advertisement	2,532,995	1,493,694
Cleaning charges	771,362	757,399
Bank charges	395,974	24,473
Telephone and communication	331,895	280,433
Management fees	262,497	433,128
Staff welfare	253,566	433,211
Water and electricity	191,356	165,980
Travelling expenses	182,226	139,095
Visa expenses	174,586	193,285
Repair and maintenance	100,954	143,009
Printing and stationery	54,319	44,014
Insurance expense	47,487	48,564
Legal and professional charges	31,369	47,154
Event expenses	26,555	70,022
Rent	15,750	2,268,000
Business promotion	4,913	130,129
Other expenses	140	22,884
	<u>16,887,360</u>	<u>18,487,658</u>
16 FINANCE COST		
Interest on lease liability	156,215	-
Credit cards interest	333,024	300,891
	<u>489,239</u>	<u>300,891</u>

17 INCOME TAX

The Company is subject to income tax in accordance with the provisions of Income Tax Law no. 24 of 2018. The income tax is based on the profit attributable, directly or indirectly to non Qatari share holder. In accordance with the Company's Articles of Association, 95% of profit is attributable to its foreign share holders.

	March 31, 2020	March 31, 2019
	----- QR -----	
Profit before tax for the year	2,119,017	362,382
<i>Adjustments:</i>		
Non deductible provisions	-	15,707
Non deductible salaries and wages	-	433,128
Non deductible depreciation	-	1,643,533
	<u>2,119,017</u>	<u>2,454,750</u>
Carry forward losses	-	(554,577)
Taxable income for the year	2,119,017	1,900,173
Tax = taxable income x 10%	211,902	190,017
Share of non Qatari share holder	95%	95%
Tax due	201,307	180,516
Total income tax due	201,307	180,516

18 RELATED PARTIES AND TRANSACTIONS

Related parties represent associated companies, shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

18.1 Transactions with related party included in the statement of profit or loss are as follows:

Description	Classification	March 31, 2020	March 31, 2019
		----- QR -----	
Consumable products	Cost of revenue	2,520,000	2,520,000
Travelling expense	Cost of revenue	1,020,000	1,020,000
Staff training	Cost of revenue	1,122,000	1,122,000
Corporate salary	Cost of revenue	6,987,350	6,363,000
Advertisement expenses	Selling and distribution expenses	2,470,000	-

18.2 The nature of relationship with each related party is as follows:

Name of related party	Location	Nature of relationship
Bellewave Cosmetics PTE Ltd	Singapore	Entity under common ownership
VLCC Personal Care Ltd	India	Entity under common ownership
International Project Development company W.L.L	Qatar	51% Shareholder
VLCC International Inc (BVI)	Britain	49% Shareholder
Mukesh Luthra	India	Key management personnel
Jayant Khosla	India	Key management personnel
Sanjay Mehta	India	Key management personnel
Rajiv Krishan Luthra	India	Key management personnel
Sanjay Kapoor	India	Key management personnel
Roshni Hemant Bakshi	India	Key management personnel

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19 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. Financial instrument comprises of cash and bank balances, trade and other receivables, payables and due to related parties. The most significant financial risk to which the company is exposed to are described below:

19.1 Credit risk management

Credit risk represents the accounting loss that would be recognized 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 recognized at the reporting date, as summarized below:

	March 31, 2020	March 31, 2019
	----- QR -----	
Refundable deposit	203,940	203,940
Credit card receivables	26,281	581,626
Cash and cash equivalents (cash at bank only)	73,999	237,868
Financial assets	<u>304,220</u>	<u>1,023,434</u>

The Company's exposure to credit is limited and is controlled by the application of credit approval, limits and monitoring procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

19.2 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.

	Current	Non-current		
	Within 1 year	1 to 5 years	Later than 5 years	Total
	----- QR -----			
March 31, 2020				
Staff expense payable	1,202,995	-	-	1,202,995
Lease liabilities	1,077,307	159,537	-	1,236,844
Trade creditors	1,022,927	-	-	1,022,927
Accrued expenses	50,290	-	-	50,290
Other payables	341,262	-	-	341,262
	<u>3,694,781</u>	<u>159,537</u>	-	<u>3,854,318</u>
March 31, 2019				
Trade creditors	1,094,268	-	-	1,094,268
Staff expense payable	1,715,473	-	-	1,715,473
Other payables	425,378	-	-	425,378
	<u>3,235,119</u>	-	-	<u>3,235,119</u>

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19.3 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. Differences can therefore arise between the book values under historical cost method and fair value estimates. The management believes that the fair value of the financial assets and liabilities of the company are not materially different from their carrying amounts.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets of liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities at

	Level 1	Level 2	Level 3
	----- QR -----		
March 31, 2020			
Financial assets			
Cash and cash equivalents	-	-	79,083
Trade and other receivables	-	-	26,281
	-	-	105,364
Financial liabilities			
Trade and other payables	-	-	1,364,189
Lease liabilities	-	-	1,236,844
Staff expense payable	-	-	1,202,995
	-	-	3,804,028
March 31, 2019			
Financial assets			
Cash and cash equivalents	-	-	331,459
Trade and other receivables	-	-	581,626
	-	-	913,085
Financial liabilities			
Trade and other payables	-	-	1,519,646
Staff expense payable	-	-	1,715,473
	-	-	3,235,119

19.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk.

a) 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. Currency risk arises mainly from commercial transactions in foreign currencies. Most of the company's transaction are carried out in Qatari Riyals and transactions are also carried out in AED and U.S. Dollars. The management accounts for such transactions on the prevailing rate as at the date of transaction.

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b) Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The significant portion of Company's financials assets and liabilities as at March 31, 2020 are not exposed to interest rate fluctuations.

c) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity securities price risk since it does not hold such instruments.

20 RECLASSIFICATION

Following comparative figures have been reclassified in order to conform with current year's presentation and improve the quality of information presented. Certain prior year phrases have been rephrased wherever necessary in order to give more fair view to the financial statements. 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.

Reclassified from		Reclassified to	
Statement of financial position	---- QR ----	Statement of financial position	---- QR ----
Trade and other payables	534,536	Due to related parties	534,536
Statement of profit or loss	---- QR ----	Statement of profit or loss	---- QR ----
Selling and distribution expenses	1,693,845	General and administrative expenses	1,693,845

21 GENERAL

21.1 Rounding off

Figures have been rounded off to the nearest QR 1.

21.2 Events occurring after the reporting date

On March 11, 2020, the World Health Organization (WHO) declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 210 countries now affected. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates, and rising unemployment claims. For the purpose of these financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. However, due to closure of business across Qatar, the Company's operating activities were effected resulting to significant decline in revenue subsequent to the reporting date which may affect the Company's financial position in future. Consequently, the impact on the recognition and measurement of assets and liabilities can not be determined. No other significant event occurred subsequent to reporting date except disclosed above.

21.3 Date of authorization

These financial statements for the year ended March 31, 2020 were authorized for issue by the Directors of the company, signed on December 14, 2020 on their behalf by the General Manager of the company.