

Contents.

Page. No.

▪ Audit Report	1-2
▪ Statements of Financial Position.....	3
▪ Statement of Comprehensive Income.....	4
▪ Statement Cash Flow.....	5
▪ Statement of Changes in Equity.....	6
▪ Notes to Financial position.....	7-15

**SHRI EDUCARE MALDIVES PRIVATE
LIMITED**

**Financial Statements for the year ended
31st March 2017.**

EMMJAY ASSOCIATES

Reg. No: P-01/2007
Auditor General Reg No: F-0004
MIRA Reg. No: AF1001A

CHARTERED ACCOUNTANTS
H.Chinaaru,
Sousan Magu,
Male',
Republic of Maldives.

Phone : 3329307
Fax : 3341526
Email : info@emmjayassociates.com
WWW : emmjayassociates.com

INDEPENDENT AUDITOR'S REPORT TO THE SHARE HOLDERS OF SHRI EDUCARE MALDIVES PRIVATE LIMITED.

1. We have audited the accompanying financial statements of Shri Educare Maldives Private Limited, which comprise of the financial position and the related statement of comprehensive income statement, statement of changes in equity and cash flows statement for the year ended 31 March 2017, together with all the accounting notes as set out on pages 2 to 15.

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENT

2. The shareholders and their management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards applicable for SME's. These responsibilities includes: designing, implementing and maintaing internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatements, whether due to fraud or error.

AUDITORS RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the international Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

OPINION

4. In our opinion, the accompanying financial statements give true and fair view of the financial position of Shri Educare Maldives Private Limited as at 31 March 2017 and of the results of its operations, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standard applicable to SME's and with the requirements of the companies Act No 10/96, of the Republic of Maldives.

REPORT ON OTHER LEGAL AND REGULATORY REQUIRMENTS - By MIRA

5. Our opinion was based on a) The limited liability company Shri Educare Maldives Private Limited has put in place adequate internal controls over financial reporting and b) It has maintained adequate records as required under section 27 of the Tax Administration Act (Law Number 3/2010) and section 16 of the regulation; and c) It's financial statements are in agreement with the accounting records.


S. Jerad Anselmo for and behalf of

EMMJAY ASSOCIATES, CHARTERED ACCOUNTANTS

11th May 2017
Male'.



SHRI EDUCARE MALDIVES PRIVATE LIMITED

Financial Statements - For the Year ended 31 March 2017

Statement of financial position (all amounts in Maldivian Rufiyaa)	Notes	Year	
		2017	2016
ASSETS			
Non current assets			
Property, Plant and equipment	3	6,535,636	3,531,022
Current Assets			
Inventories		452,936	236,437
Trade and other receivables	4	1,209,245	883,821
Cash and cash equivalents	5	216,064	1,450,142
		1,878,245	2,570,400
TOTAL ASSETS		8,413,881	6,101,422
EQUITY AND LIABILITIES			
Share capital	6	13,794,805	13,794,805
Retained earnings		(13,605,097)	(13,598,183)
Total Equity		189,708	196,622
Current Liabilities			
Trade and other payables	7	8,224,173	5,904,800
Total Equity and Liabilities		8,413,881	6,101,422

The Board of Directors are responsible for the preparation and presentation of this financial statements.

Signed for and on behalf of the Board by,

Name of the Director

Signature

1) Mr. Thoha Saleem

2) Mr. Himanshu Jain



Signature of Mr. Thoha Saleem

Signature of Mr. Himanshu Jain

The notes to the accounts from pages 7 to 15 form an integral part of the financial statements.
Audit Report on pages 1 and 2.



SHRI EDUCARE MALDIVES PRIVATE LIMITED

Financial Statements - For the Year ended 31 March 2017

Statement of comprehensive income (all amounts in Maldivian Rufiyaa)	Notes	Year	
		2017	2016
Revenue	8	35,182,363	31,954,282
Less: Cost of services	9	(24,995,194)	(22,582,077)
Trading gross profit		10,187,169	9,372,205
Other income	10	2,651,109	2,106,130
Administrative expenses		(12,447,128)	(11,146,528)
Selling and marketing costs		(51,656)	(43,743)
Operating profit		339,494	288,064
Finance cost	11	(346,408)	(261,032)
Profit/loss for the year before tax		(6,914)	27,032
Business profit tax expense		-	-
Net Profit/loss after tax		(6,914)	27,032

The notes to the accounts from pages 7 to 15 form an integral part of the financial statements.
Audit Report on pages 1 and 2.



SHRI EDUCARE MALDIVES PRIVATE LIMITED

Financial Statements - For the Year ended 31 March 2017

Statement of Cash flow (all amounts in Maldivian Rufiyaa)	Year	
	2017	2016
Operating activities		
Loss for the year after tax	(6,914)	27,032
Adjustments		
Depreciation	1,170,305	867,842
Operating profit before working capital changes	1,163,391	894,874
Changes in working capital		
Change in inventories	(216,499)	(236,437)
Change in trade and other receivables	(325,424)	(202,734)
Change in trade and other payables	2,319,373	1,506,584
Cash from operation	1,777,450	1,067,413
Net cash from operating activities	2,940,841	1,962,287
Cash flows from investing activities		
Purchase of non current assets	(4,174,918)	(1,907,806)
Net cash from investing activities	(4,174,918)	(1,907,806)
Net Increase /decrease in cash & cash equivalents	(1,234,077)	54,481
Cash and cash equivalents at the beginning of the year	1,450,142	1,395,661
Cash and cash equivalents at the end of the year	216,064	1,450,142

The notes to the accounts from pages 7 to 15 form an integral part of the financial statements.
Audit Report on pages 1 and 2.



SHRI EDUCARE MALDIVES PRIVATE LIMITED

Financial Statements - For the Year ended 31 March 2017

Statement of Changes in Equity

(all amounts are stated in Maldivian Rufiyaa)

	Share Capital	Retained earnings	Total equity
Balance as at 01 April 2015	13,794,805	(13,625,215)	169,590
Profit for the year	-	27,032	27,032
Balance as at 31 March 2016	13,794,805	(13,598,183)	196,622
Balance as at 01 April 2016	13,794,805	(13,598,183)	196,622
Loss for the year	-	(6,914)	(6,914)
Balance as at 31 March 2017	13,794,805	(13,605,097)	189,708

The notes to the accounts from pages 7 to 15 form an integral part of the financial statements.
Audit Report on pages 1 and 2.



SHRI EDUCARE MALDIVES PRIVATE LIMITED
Financial Statements - For the Year ended 31 March 2017

Notes to the Financial Statements**1. General information**

These financial statements relates to the business of SHRI EDUCARE MALDIVES PRIVATE LIMITED (the Company), a limited liability company incorporated in the Republic of Maldives Reg. No. C-902/2009) in the year 2009. The main objectives of the Company are to establish, maintain, carry on an institution or institutions with branches, for the purpose of teaching in the general, scientific, commercial, engineering or any other type of education and provide consultancy and/or management services for running schools, colleges and other educational institutions. The company is wholly owned subsidiary company of Shri Educare Limited, India.

The registered office of the Company is Ghiyasuddin International School, Ameenee Magu, Male', Maldives.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements are prepared in accordance and comply with International Financial Reporting Standards. These financial statements are prepared under the historical cost convention, except assets and liabilities, which are stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates 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 the judgment's about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2.2 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are prepared in Maldivian Rufiyaa which is the Company's functional and presentation currency.

Foreign currency transactions are translated at the exchange rates prevailing at the date of the transactions; at financial position date monetary assets and liabilities are translated at the exchange rates then prevailing; gains and losses resulting from the settlement of such transactions are recognised in the income statement. Such balances are translated at year end exchange rates unless hedged by forward foreign exchange contracts, in which case the rate specified in such forward contracts are used.

SHRI EDUCARE MALDIVES PRIVATE LIMITED
Financial Statements - For the Year ended 31 March 2017

2.3 Financial instruments*Financial assets*

Financial assets include cash and bank balances and receivables. The accounting policies for each financial asset are stated separately.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables. The accounting policies for each financial liability are stated separately.

2.4 Property, plant and equipment

All property, plant and equipment, which are initially recorded at historical cost is stated at cost less subsequent depreciation and impairment. The cost of acquisition includes purchase cost together with any incidental expenses incurred in bringing the assets to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and that the cost of the item can be measured reliably. All other expenditure on repairs or maintenance of property, plant and equipment are charged to the income statement during the period in which they are incurred.

Depreciation is calculated on the straight-line method to write-off the cost of each asset to its residual value over its estimated useful life as follows:

Furniture and fittings	- Over 8 years
Office equipment	- Over 5 years
Computer & accessories	- Over 3 years
Software	- Over 3 years

The charge for the depreciation commences from the date on which the assets are put to use up to the date of their disposal. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

SHRI EDUCARE MALDIVES PRIVATE LIMITED
Financial Statements - For the Year ended 31 March 2017

Notes to the Financial Statements**2.5 Trade and other receivables**

Trade and other receivables are initially recognised and carried at their costs less impairment losses. Provision is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in the income statement. Bad debts are written off during the period in which they are identified.

2.6 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash in hand and at banks. For the purposes of cash flow statements, cash and cash equivalents comprise of cash and cash equivalents as defined above.

2.7 Share capital

Ordinary shares are classified as equity.

2.8 Taxation*(a) Current taxes*

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The tax for the period comprises current and deferred tax, and is recognised in the income statement. The current income tax charge is calculated on the basis of the tax laws enacted at the financial position date.

The provisions for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Business Profit Tax Act.

The Company is liable to income tax at rate of 15% in Maldives, if the taxable profit of the year exceeds MVR. 500,000, with effect from 18 July 2011.

SHRI EDUCARE MALDIVES PRIVATE LIMITED
Financial Statements - For the Year ended 31 March 2017

Notes to the Financial Statements*(b) Deferred income taxes*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax 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/ loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2.9 Taxation (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Employee benefits

The Company is liable to enroll the employees in the Retirement Pension Scheme with effect from 1 May 2011 according to Maldives Pension Act, 8/2009 and the Regulation published by the Maldives Pension Administration Office and shall make contributions at a rate of 7% from the employee's pensionable wages on behalf of the employees of age between 16 and 65 years to the pension office. The Company's contribution to retirement pension scheme is at the rate of 7% on pensionable wages. Obligations for contributions to retirement pension scheme is recognized as an employee benefit expense in the income statement.

2.11 Liabilities and Provision*Provision*

A provision is recognized in the financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Other payables

Other payables are stated at their costs.

SHRI EDUCARE MALDIVES PRIVATE LIMITED
Financial Statements - For the Year ended 31 March 2017

Notes to the Financial Statements**2.12 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue comprises the fair value of the consideration received or receivable net of trade discounts, rebates and taxes. Revenue is recognised as follows:

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue comprises the fair value of the consideration received or receivable net of concessions.

Other income

Other income is recognized on an accrual basis in the period in which they are earned.

Financial Instruments and Risk Management

The main risks arising from the Company's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below:

a) Credit Risk

Credit evaluations are performed on all customers requiring credit over a certain amount. At the financial position date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial assets.

b) Currency Risk

The Company is exposed to foreign currency risk arising from currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Company incurs currency risk on sales, purchases and borrowings that are denominated in currencies other than Maldivian Rufiyaa.

c) Liquidity Risk

The Company actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient level of cash or cash convertible investments to meet its working capital requirement.

Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

SHRI EDUCARE MALDIVES PRIVATE LIMITED Financial Statements - For the Year ended 31 March 2017

Notes to the Financial Statements
(in the notes all amounts are stated in Maldivian Rufiyaa)

3. Property, plant & equipment's

	Building	Furniture and fittings	Office equipment	Computer equipment	Sports Court	Software	Total
Year ended 31 March 2016							
Opening net book amount	-	739,790	1,030,944	599,015	113,110	8,198	2,491,058
Additions	-	659,074	798,959	219,597	-	230,176	1,907,806
Depreciation charged	-	(166,813)	(362,708)	(303,613)	(15,249)	(19,459)	(867,842)
Closing net book amount	-	1,232,051	1,467,195	514,999	97,861	218,915	3,531,022
At 31 March 2016							
Cost	-	1,728,073	2,404,157	1,621,696	128,359	283,150	6,165,435
Accumulated Depreciation	-	(496,022)	(936,962)	(1,106,697)	(30,498)	(64,235)	(2,634,413)
Net book amount	-	1,232,051	1,467,195	514,999	97,861	218,915	3,531,022
Year ended 31 March 2017							
Opening net book amount	-	1,232,051	1,467,195	514,999	97,861	218,915	3,531,022
Additions	517,158	2,227,579	936,372	341,366	-	152,443	4,174,918
Depreciation charged	(1,089)	(239,220)	(469,976)	(313,635)	(52,114)	(94,269)	(1,170,304)
Closing net book amount	516,069	3,220,410	1,933,591	542,730	45,747	277,089	6,535,636
At 31 March 2017							
Cost	517,158	3,955,652	3,340,529	1,963,062	128,359	435,593	10,340,353
Accumulated Depreciation	(1,089)	(735,242)	(1,406,938)	(1,420,332)	(82,612)	(158,504)	(3,804,717)
Net book amount	516,069	3,220,410	1,933,591	542,730	45,747	277,089	6,535,636



SHRI EDUCARE MALDIVES PRIVATE LIMITED

Financial Statements - For the Year ended 31 March 2017

Notes to the Financial Statements

(in the notes all amounts are stated in Maldivian Rufiyaa)

		Year	
		2017	2016

4. Trade & other receivables

Trade and other receivables are short term in nature and their carrying amount approximate their fair value and there is no material credit risk in respect of trade receivables as they are actively engaged in business.

Trade receivables		300,104	421,869
Prepayments and advances	4.1	786,477	365,798
Other receivables		122,664	96,154
		1,209,245	883,821

4.1. Prepayments and advances

Emigration Air ticket deposit		148,330	95,930
Security deposit-Apartment		10,500	5,103
Prepaid expenses		91,850	76,600
Advance to a parties		297,880	150,000
Loan and advance		237,917	38,165
		786,477	365,798

5. Cash & cash equivalents

Cash at banks		151,563	1,104,791
Cash in hand		64,501	345,351
		216,064	1,450,142

6. Authorized & fully issued share capital

The total authorised number of ordinary shares are 30,000,000 shares (In 2016/2017: 30,000,000) with a par value of MRF 1 per share (In 2016/2017: MRF 1). The entire issued share capital is held by the Holding Company, SHRI EDUCARE LIMITED (India) and its nominees.

	No of ordinary shares	No of ordinary shares
At 31 March 2016	13,794,805	13,794,805
At 31 March 2017	13,794,805	13,794,805

7. Trade and other payables

Advance fee received		747,670	414,960
Amounts due to related party		3,735,401	1,495,732
Accrued expenses	7.1	3,741,102	3,994,108
		8,224,173	5,904,800



SHRI EDUCARE MALDIVES PRIVATE LIMITED

Financial Statements - For the Year ended 31 March 2017

Notes to the Financial Statements

(in the notes all amounts are stated in Maldivian Rufiyaa)

	Year	
	2017	2016
7.1. Accrued expenses		
Expenses payable	3,469,637	1,986,826
Pension payable	99,379	100,453
Salary payable	172,086	1,906,829
	<u>3,741,102</u>	<u>3,994,108</u>

(Expenses payable include Audit fee payable MVR 24,518 & WHT payable 68,533).

8. Revenue

Admission fees	126,000	162,000
Books fee	1,321,144	942,599
Tuition fees	35,181,075	32,163,196
Less: Scholarships given	(1,445,856)	(1,313,513)
	<u>35,182,363</u>	<u>31,954,282</u>

9. Expenditures by nature

Depreciation		1,170,305	867,842
Cost of service	9.1	24,995,194	22,582,077
Employee benefit expenses	9.2	1,310,386	1,034,973
Bad debts		132,776	-
Communication charges		202,525	218,804
Repairs & maintenance		916,231	822,217
Utility charges		772,070	871,477
Newspaper, books & periodicals		-	2,308
Auditing charges		12,259	16,345
Legal and professional charges		5,051,055	4,640,695
Printing & stationary		359,965	372,568
Security charges		274,752	274,752
Office expenses		593,752	551,951
Postage and courier		3,231	8,331
Recruitment charges		32,400	81,312
Uniform cost		887,845	844,850
Travelling charges		722,026	538,103
Withholding tax		5,550	-
Marketing & advertisement expenses		51,656	43,743
Total cost of goods sold, administrative expenses, marketing and distribution costs.		<u>37,493,978</u>	<u>33,772,348</u>



SHRI EDUCARE MALDIVES PRIVATE LIMITED

Financial Statements - For the Year ended 31 March 2017

Notes to the Financial Statements

(in the notes all amounts are stated in Maldivian Rufiyaa)

	Year	
	2017	2016
Classified as:		
Cost of service	24,995,194	22,582,077
Administration and Establishment	12,447,128	11,146,528
Selling and marketing costs	51,656	43,743
	37,493,978	33,772,348
9.1 Cost of service		
Educational and academic expenses	1,873,873	1,362,389
Staff salaries and allowances	23,121,321	21,219,688
	24,995,194	22,582,077
9.2 Employee benefit expense		
Staff visa fee	95,036	87,630
Staff pension	587,676	573,078
Staff welfare	91,674	31,244
Bonus	536,000	313,579
Staff insurance	-	14,770
Medical expenses	-	14,672
	1,310,386	1,034,973
10. Other income		
Late fine	809,865	724,036
Miscellaneous income	226,289	95
Rent income	549,121	270,728
Concert income	-	201,396
Contribution received	51,881	-
Interest on loan	5,874	-
Parent card fee	84,035	-
Uniform fee	924,044	909,875
	2,651,109	2,106,130
11. Finance cost		
Bank charges	56,915	61,420
Exchange loss	289,493	199,612
	346,408	261,032
12. Post financial position events		

No other events have occurred since the financial position date, which would require adjustments to, or disclosure, in the financial statements.

