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**CLUB AUTO SPARE PARTS TRADING L.L.C.**  
**SHARJAH**  
**UNITED ARAB EMIRATES**

**FINANCIAL STATEMENTS**  
**AS ON 31<sup>ST</sup> OCTOBER 2012**

THURSDAY



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**CLUB AUTO SPARE PARTS TRADING L.L.C.**  
**SHARJAH**  
**UNITED ARAB EMIRATES**

**1. LEGAL STATUS**

M/s. CLUB AUTO SPARE PARTS TRADING L.L.C. is a firm registered as a Limited Liability Company in Sharjah, United Arab Emirates, under the License No 566431, in accordance with Commercial Companies Federal Law No 8 of the 1984 and Law 13 as amended

**2. ACTIVITIES**

Auto Spare Parts Trading

**3. SHAREHOLDERS**

The shareholders of the company are as follows

Name of Shareholders	Nationality	%	No. of share	Value per share	Amount <u>AED</u>
Mr Hameed Abdulla Salah Ahmed	U A E	51	153	1,000	153,000
Mrs Vasilya Makhmudov	Uzbekistan	25	75	1,000	75,000
Mr Bino Thomas Kariyil	Indian	24	72	1,000	72,000
		<u>100</u>	<u>300</u>		<u>300,000</u>

**4. MANAGING DIRECTOR**

Mrs Vasilya Makhmudov                      Uzbekistan National  
Mr Bino Thomas Kariyil                      Indian National

**5. OFFICE ADDRESS**

P O Box 64654,  
Sharjah,  
United Arab Emirates  
Tel 06-5432303  
Fax 06-5432286  
Email clubauto@emirates.net.ae  
Website www.clubautocorp.com

**6. BANKERS**

RAK Bank                                      Sharjah Ind Area Branch, Sharjah, UAE  
Emirates NBD                                Sharjah, UAE

**CLUB AUTO SPARE PARTS TRADING L.L.C.**  
**SHARJAH**  
**UNITED ARAB EMIRATES**

**MANAGING DIRECTOR'S REPORT**

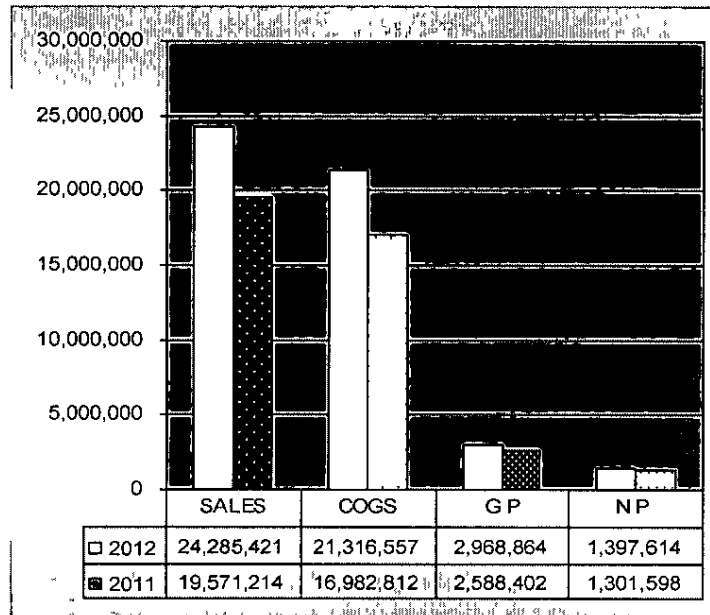
The Managing Directors, Mrs Vasiya Makhmudov and Mr Bino Thomas Kariyil are pleased to present the financial statements for the year ended as of 31<sup>st</sup> October 2012

**PRINCIPAL ACTIVITIES**

Auto Spare Parts Trading

**BUSINESS REVIEW**

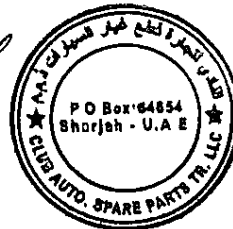
Sales, Cost of Goods Sold, Gross Profit & Net Profit/(Loss) are presented through Graphical Presentation



**AUDITORS**

M/s Al Ayoubi Accounting & Auditing Company, Chartered Accountants, Dubai has been appointed as auditors of the company for the next year & they have expressed their willingness for the same

Managing Director  
**CLUB AUTO SPARE PARTS TRADING L.L C**



Date 2nd Jan 2014  
 Place Sharjah



**AUDITORS' REPORT**

**THE DIRECTORS,  
M/s. CLUB AUTO SPARE PARTS TRADING L.L.C  
SHARJAH  
UNITED ARAB EMIRATES**

**Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. Club Auto Spare Parts Trading L.L.C , Sharjah, United Arab Emirates, for the year ended as of 31<sup>st</sup> October 2012 which comprise the Balance Sheet, Income Statement, Statement of Changes in Owner's Equity & Cash Flow Statement for the year (1<sup>st</sup> November 2011 to 31<sup>st</sup> October 2012) ended, and a summary of significant accounting policies and other explanatory notes set out on pages attached

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit We conducted our audit in accordance with International Standards and UAE Company Law of 1984 and its amendments on Auditing Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

**Opinion**

In our opinion, the Financial Statements referred to above, present fairly, in all material respects, the financial statements of M/s Club Auto Spare Parts Trading L.L.C , Sharjah, United Arab Emirates, as of 31<sup>st</sup> October 2012 and the results of its operations and cash flows for the year ended in conformity with International Accounting Standards

SIRAJ. A. NERAI  
Reg No. 146  
Dubai,  
2nd Jan 2014



M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.  
SHARJAH  
UNITED ARAB EMIRATES

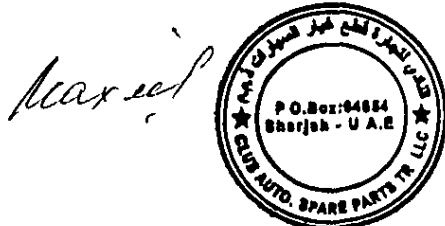
**BALANCE SHEET**  
**AS AT 31st OCTOBER 2012**

	<u>REF</u>	<u>AS ON</u> <u>31.10.2012</u> <u>AED</u>	<u>AS ON</u> <u>31 10 2011</u> <u>AED</u>
<b>NON-CURRENT ASSETS</b>			
PROPERTY & EQUIPMENT	3	195,580	310,240
<b>CURRENT ASSETS</b>			
GOODS IN TRANSIT	4	912,543	841 856
TRADE & OTHER RECEIVABLES	5	2,370,475	1,762,458
OTHER CURRENT ASSETS	6	248,250	238,500
CASH & CASH EQUIVALENTS	7	1,642,500	1 080 605
		<u>5,173,768</u>	<u>3,923,419</u>
<b>LESS CURRENT LIABILITIES</b>			
TRADE & OTHER PAYABLES	8	1,812 105	1,044,813
PROVISIONS & ACCRUALS	9	137 376	122 656
		<u>1,949,481</u>	<u>1,167,469</u>
		<u>3,224,287</u>	<u>2,755,950</u>
		<u>3,419,867</u>	<u>3,066,190</u>
<b>PARTNER'S FUND</b>			
CAPITAL	10	300 000	300 000
CURRENT ACCOUNT	11	(7,152,176)	(6 108,239)
STATUTORY RESERVE	12	150,000	150,000
RETAINED EARNINGS/( LOSS)	13	10,122,043	8,724,429
		<u>3,419,867</u>	<u>3,066,190</u>

The attached notes set on pages 8 to 12 form an integral part of these financial statements

For M/s CLUB AUTO SPARE PARTS TRADING L.L.C.

Managing Director



Auditors' report on page - 3



M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.  
SHARJAH  
UNITED ARAB EMIRATES

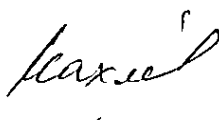
STATEMENT OF PROFIT / (LOSS) ACCOUNT FOR THE YEAR ENDED AS ON 31.10.2012

	<u>REF</u>	AS ON 31.10.2012 <u>AED</u>	<u>%</u>	AS ON 31 10.2011 <u>AED</u>	<u>%</u>
SALES REVENUE	14	24,285,421		19,571,214	
LESS · COST OF SALES	15	<u>21,316,557</u>		<u>16,982,812</u>	
GROSS PROFIT		2,968,864	12	2,588,402	13
LESS : GENERAL & ADMN. EXPENSES	16	<u>1,571,250</u>		<u>1,286,804</u>	
NET PROFIT FOR THE YEAR		<u><u>1,397,614</u></u>	6	<u><u>1,301,598</u></u>	7

The attached notes set on pages 8 to 12 form an integral part of these financial statements.

For M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.

Managing Director




Auditors' Report set on page - 3



M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.  
SHARJAH  
UNITED ARAB EMIRATES

STATEMENT OF CASH FLOW FOR THE YEAR ENDED AS ON 31.10 2012

	AS ON 31.10.2012 <u>AED</u>	AS ON 31.10.2011 <u>AED</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net Profit/( Loss) for the year	1,397,614	1,301,598
Depreciation charges	<u>114,660</u>	<u>105,910</u>
Operating cash flows before involvement of Working Capital	1,512,274	1,407,508
<b><u>Changes in other accounts affecting operations</u></b>		
(Increase)/ decrease in Goods In Transit	(70,687)	(841,856)
(Increase)/decrease in Trade & Other Receivables	(617,767)	(2,000,958)
Increase/(decrease) in Trade & Other Payables	<u>782,012</u>	<u>1,167,469</u>
Cash flows from operating activities	<b>A</b> <u><u>1,605,832</u></u>	<u><u>(267,837)</u></u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Movement in Current Account	<u>(1,043,937)</u>	<u>(668,783)</u>
Net cash from financing activities	<b>B</b> <u><u>(1,043,937)</u></u>	<u><u>(668,783)</u></u>
Net increase in Cash and Cash Equivalents	<b>A+B</b> 561,895	(936,620)
Opening balance of Cash & Cash Equivalents	<u>1,080,605</u>	<u>2,017,225</u>
Closing balance of Cash & Cash Equivalents	<u><u>1,642,500</u></u>	<u><u>1,080,605</u></u>

The attached notes set on pages 8 to 12 form an integral part of these financial statements.

For M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.

Managing Director

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Auditor's report set on page - 3







**M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.**  
**SHARJAH**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON 31.10.2012**

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with International Accounting Standards

**2. ACCOUNTING CONVENTION**

These financial statements have been prepared under the historical cost convention on the basis of available records and information

**NON-CURRENT ASSETS**

**FIXED ASSETS & DEPRECIATION**

Fixed Assets costs are stated at cost less accumulated depreciation. Depreciation is computed on straight line basis using rates which will reduce the assets to their residual values over their estimated useful lives for all moveable assets. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced if any, are retired. Depreciation rates are as follows:

Furniture & Fixtures	20 %
Office Equipments	20 %
Motor Vehicles	25 %

Gains and losses on disposal of assets are taken to the current year's income statement

**3. PROPERTY & EQUIPMENT**

	<b>FURNITURE &amp; FIXTURES</b>	<b>OFFICE EQUIPMENTS</b>	<b>MOTOR VEHICLE</b>	<b>TOTAL AED</b>
<b><u>COST</u></b>				
As on 01.11.2011	175,000	10,800	310,000	495,800
Additions during the year	-	-	-	-
<b>TOTAL as on 31.10.2012</b>	<b>175,000</b>	<b>10,800</b>	<b>310,000</b>	<b>495,800</b>
<b><u>DEPRECIATION</u></b>				
As on 01.11.2011	49,025	4,035	132,500	185,560
Additions during the year	35,000	2,160	77,500	114,660
<b>TOTAL as on 31.10.2012</b>	<b>84,025</b>	<b>6,195</b>	<b>210,000</b>	<b>300,220</b>
<b><u>NET BOOK VALUE</u></b>				
As on 31.10.2012	90,975	4,605	100,000	195,580
<b><u>NET BOOK VALUE</u></b>				
As on 31.10.2011	125,975	6,750	177,500	310,240



**M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.**  
**SHARJAH**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON 31.10.2012**

**3.1 IMPAIRMENT**

The carrying amounts of the property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. An impairment loss is recognized in the income statement whenever the carrying amount of the property, plant and equipment exceeds its recoverable amount.

	<b>AS ON 31 10.2012 <u>AED</u></b>	<b>AS ON 31 10.2011 <u>AED</u></b>
<b><u>CURRENT ASSETS</u></b>		
<b>4. <u>GOODS IN TRANSIT</u></b>	<b><u>912,543</u></b>	<b><u>841,856</u></b>
As on reporting date, the goods in transit from various suppliers accounted		
<b>5. <u>TRADE AND OTHER RECEIVABLES</u></b>		
The amount due from Trade Debtors are amount due as of the reporting date and the same has been reviewed by the management at the close of the year and decided to keep provision for bad and doubtful debts as follows		
	<b><u>AED</u></b>	<b><u>AED</u></b>
Trade Debtors	2,455,475	1,832,458
Less Provision for bad & doubtful debts	<u>85,000</u>	<u>70,000</u>
	<b><u>2,370,475</u></b>	<b><u>1,762,458</u></b>
<b><u>AGEING ANALYSIS</u></b>		
Less than six months	1,841,606	1,374,344
More than six months	<u>613,869</u>	<u>458,115</u>
	<b><u>2,455,475</u></b>	<b><u>1,832,458</u></b>
<b>6. <u>OTHER CURRENT ASSETS</u></b>		
Deposits Refundable	12,000	12,000
MOL Guarantee	24,000	24,000
Prepaid Rent	61,000	57,500
Prepaid Others	<u>151,250</u>	<u>145,000</u>
	<b><u>248,250</u></b>	<b><u>238,500</u></b>



M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.  
SHARJAH  
UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON 31.10.2012

	AS ON 31.10.2012 <u>AED</u>	AS ON 31 10 2011 <u>AED</u>
<b>7. CASH &amp; CASH EQUIVALENTS</b>		
7a. <u>Cash on hand</u>	15,000	15,000
7b. <u>Cash at bank</u>		
RAK Bank	702,016	339,957
Emirates NBD	925,484	725,648
	<u>1,642,500</u>	<u>1,080,605</u>
<b><u>CURRENT LIABILITIES</u></b>		
<b>8. <u>TRADE &amp; OTHER PAYABLES</u></b>		
Trade Creditors	1,356,884	810,245
PDC Issued	455,221	234,568
	<u>1,812,105</u>	<u>1,044,813</u>
<b>9. <u>PROVISIONS &amp; ACCRUALS</u></b>		
Employees Benefits	67,132	62,885
Salary Payables	47,658	40,214
Other Payables	22,586	19,557
	<u>137,376</u>	<u>122,656</u>
<b>9.1 <u>EMPLOYEES TERMINAL BENEFITS</u></b>		
(i) Employees annual leave pay, salary, air passage and end of service benefits payable as per U A E Labour Law will be charged at the end of service		
(ii) The number of employees at the end of the year was 9		
<b>10. <u>CAPITAL</u></b>		
Opening balance	300,000	300,000
Additions during the year	-	-
Closing balance	<u>300,000</u>	<u>300,000</u>
<b>11. <u>CURRENT ACCOUNT</u></b>		
Opening balance	(6,108,239)	(5,439,456)
Movements during the year	(1,043,937)	(668,783)
Closing balance	<u>(7,152,176)</u>	<u>(6,108,239)</u>



**M/s. CLUB AUTO SPARE PARTS TRADING L.L.C**  
**SHARJAH**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON 31 10 2012**

**12 STATUTORY RESERVE**

Statutory reserve is created by appointing 10% of the net profit of the company as required by the Article 255 of the Commercial Companies Law No 8 of 1984 as amended, of the United Arab Emirates

Such reserve fund can be maintained up to the amount, which is equivalent to the 50% of the paid up capital and the same is not available for distribution, except as provided in the Federal Law

	AS ON 31 10.2012 <u>AED</u>	AS ON 31.10.2011 <u>AED</u>
Opening Balance	150,000	150,000
Additions during the year	-	-
Closing balance	<u>150,000</u>	<u>150,000</u>

**13 RETAINED EARNINGS / (LOSS)**

Opening balance	8 724 429	7 422 831
Additions during the year	1,397 614	1 301 598
Closing balance	<u>10,122,043</u>	<u>8,724,429</u>

**14 SALES REVENUE**

It represents the amount invoiced by the company during the year

Sales Revenue	<u>24,285,421</u>	<u>19,571,214</u>
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**14.1 REVENUE RECOGNITION**

Revenue from the services rendered is recognized when the customer has accepted delivery and signed the invoice or delivery note

**15 COST OF SALES**

Cost of sales represents purchases and other related expenses

	<u>21,316,557</u>	<u>16,982,812</u>
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**16 GENERAL & ADMIN EXPENSES**

Salaries & Allowances	825 785	654 875
Incentives	108,745	107,548
Employees Benefits	85,025	78,014
Fees & Taxes	22,995	21,221
Office Rent	246,500	185,457
Printing & Stationery	3,054	2 655
Repairs and Maintenances	8,851	7,959
Telephone /Fax/Emails	20 685	17 544
Electricity & water	11 854	9,862
Management Fees	42,900	34,552
Visa & Immigration	25,223	24,117
Travelling Expenses	17,569	16,540
Provision for doubtful debts	15,000	-
Finance Charges	20,250	18,651
Depreciation	114,660	105,910
Misc Expenses	2,154	1,899
	<u>1,571,250</u>	<u>1,286,804</u>



**M/s. CLUB AUTO SPARE PARTS TRADING L.L.C.**  
**SHARJAH**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON 31.10.2012**

**17. FOREIGN CURRENCIES**

- (i) Transactions in foreign currencies are translated into U A E Dirham at the rate of exchange ruling at the date of transactions
- (ii) Monetary assets and liabilities expressed in foreign currencies are translated into U A E Dirhams at the rate of exchange ruling at the balance sheet date
- (iii) Gains & losses resulting from foreign currency transactions are taken to the income statement

**18. CLAIMS AND DISCOUNT RECEIVED**

Claims and discount received are accounted on receipt basis

**19. CREDIT RISK**

Financial assets, which potentially expose the credit risk comprise principally bank balance in current accounts and trade and other receivables and non-current assets

Trade receivables are stated net with the allowance of doubtful receivables At the balance sheet date, the company's significant exposure to credit risk was in respect of Trade receivables and Other Current Assets only

**20. FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, a contractual right to exchange financial instruments under condition that are potentially favourable or an equity instrument, excluding investments in subsidiaries, associates or joint ventures A financial liability is any liability that is a contractual obligation to deliver liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable

**21. FINANCIAL LEASES**

Leasing agreements, which transfer to the company substantially all the benefits and risks of ownership of an asset, are treated as if the assets had been purchased out-right The assets are included in property, plant and equipment and the capital element of the leasing commitment is shown as obligations under finance leases The lease rentals are treated as consisting of capital and interest elements

The capital element is applied to reduce the out-standing obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding Asset held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets

**22. CONTINGENT LIABILITIES**

As on 31 10 2012, Bank guarantees for AED 24,000/- issued to the Ministry of Labour were recorded

**23. COMPARATIVE FIGURES**

Comparative figures for the last period were shown and re-arranged according to the current year presentation

Auditors' report set on page - 3



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