

**EURO FORBES LIMITED**

**Financial Statements**

***31 December 2022***

**EURO FORBES LIMITED**

**Financial Statements**  
**31 December 2022**

**CONTENTS**

**PAGES**

Directors' Report	1
Independent Auditor's Report	2 – 3
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 – 15

## EURO FORBES LIMITED

### Directors' Report

The Directors submit their report, together with the audited financial statements of **EURO FORBES LIMITED** (the "Company"), for the year ended 31 December 2022.

### Results and appropriations

The results of the company and the appropriations made for the year ended 31 December 2022 are set out on pages 5 and 6 of the financial statements.

In our opinion, the financial statements set out on pages 4 to 15 are drawn up so as to give a true and fair view of the financial position of the company as at 31 December 2022, and the financial performance, changes in equity and cash flows of the company for the year then ended in accordance with International Financial Reporting Standards and applicable provisions of Jebel Ali Free Zone Authority Offshore Companies Regulations.

At the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

### Review of the business

The company's activity remains the same as investments holding during the year.

### Events since the end of the year

Subsequent to the year-end, the management of the company intends to cease the operations and liquidate the company.

Other than the above-mentioned, there were no important events which have occurred since the year-end that materially affect the company.

### Directors

The directors who served during the year were as follows:

Rajagopalan Sambamoorthy  
Sunil Dhondiram Uphale

### Shareholder and its interest

The shareholder at 31 December 2022 and its interest as at that date in the share capital of the company was as under:

	<u>No. of shares</u>	<u>AED</u>	<u>USD</u>
Eureka Forbes Limited, India	<u>357,765</u>	<u>188,422,250</u>	<u>51,307,145</u>

### Independent auditor

A resolution to re-appoint the auditor and fix the remuneration will be put to the board at the annual general meeting.

On behalf of the board:



Sunil Dhondiram Uphale  
**DIRECTOR**



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF EURO FORBES LIMITED

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of **EURO FORBES LIMITED** (the "company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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 31 December 2022, and 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* (the "IESBA code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphases of Matter*

Without qualifying our opinion, we draw attention to following notes to the financial statements:-

- Note 2, which states that the financial statements contain information about the company as an individual company and do not contain consolidated financial information as a parent of the group.
- Note 2, which describes the change to liquidation basis of accounting as a result of the management's intent to liquidate the company.

#### *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 with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF EURO FORBES LIMITED

### *Auditor's Responsibilities for the Audit of the Financial Statements(cont'd)*

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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

Also, in our opinion, proper books of accounts have been kept by the company, and the information contained in the Directors' Report relating to these financial statements, is in agreement with the books of accounts. According to the information available to us, except for the matters stated in the *Emphases of Matter* section of our report, there were no violations of the laws of Jebel Ali Free Zone Authority Offshore Companies Regulations 2018, or the Articles of Association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial performance.



Signed by:

C. D. Shah

Partner

Registration No. 677

**Shah & Alshamali Associates Chartered Accountants**

12 May 2023

Dubai, United Arab Emirates



## EURO FORBES LIMITED

Statement of Financial Position  
as at 31 December 2022

	<i>Notes</i>	<i>2022 USD</i>	<i>2021 USD</i>
<b>ASSETS</b>			
Investment in a subsidiary	5	-	15,381
Loan to a related party	6	-	-
Cash and cash equivalents	7	9,561	16,006
		<u>9,561</u>	<u>31,387</u>
<b>Total assets</b>		<u>9,561</u>	<u>31,387</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	51,307,145	51,307,145
Accumulated losses		(51,302,590)	(51,290,838)
<b>Total equity funds</b>		<u>4,555</u>	<u>16,307</u>
<b>Liabilities</b>			
Loan from a subsidiary company	9	-	-
Accruals and other payable		5,006	15,080
<b>Total liabilities</b>		<u>5,006</u>	<u>15,080</u>
<b>Total equity and liabilities</b>		<u>9,561</u>	<u>31,387</u>

The notes on pages 8 to 15 form an integral part of these financial statements.

On behalf of the board

  
Sunil Dhondiram Uphale  
DIRECTOR



## EURO FORBES LIMITED

Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31 December 2022

	<i>Notes</i>	<i>2022 USD</i>	<i>2021 USD</i>
<b>Revenue</b>			
Interest income	6 & 10	-	34,409
<b>Total revenue</b>		-	<b>34,409</b>
Provision for impairment	5	(15,384)	(1,522,451)
Impairment of loan and interest receivable	6	-	(1,574,684)
Write back of liability	9	16,338	1,143,799
<b>Expenditure</b>			
Administrative expenses		(12,634)	(21,987)
Interest on loan from a related party	10	-	(24,368)
Exchange loss		(72)	(57)
<b>Total expenditure</b>		<b>(12,706)</b>	<b>(46,412)</b>
<b>Loss for the year</b>		<b>(11,752)</b>	<b>(1,965,339)</b>
Other comprehensive income / (loss)		-	-
<b>Total comprehensive loss for the year</b>		<b>(11,752)</b>	<b>(1,965,339)</b>

The notes on pages 8 to 15 form an integral part of these financial statements.

## EURO FORBES LIMITED

**Statement of Changes in Equity**  
*for the year ended 31 December 2022*

	<i>Share capital USD</i>	<i>Accumulated losses USD</i>	<i>Total USD</i>
<b>As at 31 December 2020</b>	<b>51,307,145</b>	<b>(49,325,499)</b>	<b>1,981,646</b>
Loss for the year	-	(1,965,339)	(1,965,339)
<b>As at 31 December 2021</b>	<b>51,307,145</b>	<b>(51,290,838)</b>	<b>16,307</b>
Loss for the year	-	(11,752)	(11,752)
<b>As at 31 December 2022</b>	<b><u>51,307,145</u></b>	<b><u>(51,302,590)</u></b>	<b><u>4,555</u></b>

*The notes on pages 8 to 15 form an integral part of these financial statements.*



## EURO FORBES LIMITED

**Statement of Cash Flows**  
**for the year ended 31 December 2022**

	<i>Note</i>	<b>2022</b> <b>USD</b>	<b>2021</b> <b>USD</b>
<b><u>Cash flows from operating activities</u></b>			
Loss for the year		(11,752)	(1,965,339)
Adjustments for:			
Provision for impairment		15,384	1,522,451
Impairment of loan and interest receivable		-	1,574,684
Write back of liability		(16,338)	(1,143,799)
Interest income		-	(34,409)
Finance charges		-	24,368
<b>Operating loss before working capital changes</b>		<b>(12,706)</b>	<b>(22,044)</b>
(Increase) / decrease in other receivable		-	17
Increase / (decrease) in accruals and other payable		(10,074)	(924)
<b>Net cash from / (used in) operating activities</b>		<b><u>(22,780)</u></b>	<b><u>(22,951)</u></b>
<b><u>Cash flows from investing activities</u></b>			
Payments of loan to a related party		-	(125,000)
Investment in subsidiary		(3)	-
Interest income received		-	3
<b>Net cash from / (used in) investing activities</b>		<b><u>(3)</u></b>	<b><u>(124,997)</u></b>
<b><u>Cash flows from financing activities</u></b>			
Receipt of loan from a subsidiary company		-	125,000
Received from a subsidiary company		16,338	-
<b>Net cash introduced from / (used in) financing activities</b>		<b><u>16,338</u></b>	<b><u>125,000</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(6,445)</b>	<b>(22,948)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b><u>16,006</u></b>	<b><u>38,954</u></b>
<b>Cash and cash equivalents at the end of the year</b>	7	<b><u>9,561</u></b>	<b><u>16,006</u></b>

The notes on pages 8 to 15 form an integral part of these financial statements.

**EURO FORBES LIMITED****Notes to the Financial Statements**  
*for the year ended 31 December 2022***1. Legal status and activities**

**EURO FORBES LIMITED** (the “company”) is an offshore company with limited liability, incorporated as per the laws of Jebel Ali Free Zone Offshore Companies Regulations 2003 under registration number 145214 with Eureka Forbes Limited as its sole shareholder. The registered office address of the company is P. O. Box 118767, Dubai, U.A.E.

The company is the wholly owned subsidiary of Eureka Forbes Limited, India.

During the year, Composite Scheme of Arrangement (the “scheme”) has been approved by the National Company Law Tribunal (NCLT) and the board of directors of the parent shareholder company, Eureka Forbes Limited (EFL) vide its circular resolution passed on 31 January 2022 have taken on record the order passed by the NCLT and accorded 1 February 2022 as the appointed date for the purpose of the scheme. Pursuant to this Eureka Forbes Limited (EFL) is amalgamated with Forbes and Company Limited (FCL).

The scheme, inter alia, provides for amalgamation and vesting of EFL with and into FCL and Demerger and vesting of Demerged Undertaking (health, hygiene, safety products and services undertaking, as defined in the scheme) of FCL into Forbes Enviro Solutions Limited (FESL), on a going concern basis.

The company is incorporated to carry out general trading and investment holding globally. The company has invested in a subsidiary company as described in notes 5 to the financial statements.

Subsequent to the year-end, the management of the company intends to cease the operations and liquidate the company. Hence these financial statements have been prepared on a liquidation basis.

**2. Basis of preparation**

These financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent of a group. The company has availed itself exemption under IFRS 10 – *Consolidated Financial Statements* from the requirement to prepare consolidated financial statements as it, and its subsidiary are included by consolidation in the consolidated financial statements of the ultimate parent company.

In accordance with IAS 1 “Presentation of financial statements”, the company has changed the basis of preparing its financial statements from going concern to liquidation. This change of basis was adopted as the standard does not permit use of the going concern basis of accounting if management intends to liquidate the company either before or after period-end. As a result of discontinuation of operations of the company, the financial statements as at 31 December 2022 have been prepared using liquidation basis of accounting.

*Statement of compliance*

The financial statements have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of Jebel Ali Free Zone Authority.

*Basis of measurement*

The financial statements have been prepared on realization basis.



**EURO FORBES LIMITED****Notes to the Financial Statements**  
*for the year ended 31 December 2022***Basis of preparation (cont'd)***Functional and presentation currency*

The financial statements are presented in US Dollars (USD), being the functional and presentation currency of the company.

*Use of estimates and judgements*

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4.

*Application of new and revised International Financial Reporting Standards (IFRSs)*

The company has applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 January 2022. The company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

**3. Summary of significant accounting policies**

The accounting policies applied, which are consistent with those of the previous year, in dealing with items that are considered material in relation to the financial statements are as follows:

**Investment in subsidiary**

A subsidiary is an entity that is controlled by the company. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investment in a subsidiary is measured initially at cost and subsequently carried in the company's separate financial statements at cost less any accumulated impairment losses.

Investment in subsidiary is accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of profit or loss and other comprehensive income when dividend is declared by the subsidiary out of the profits made subsequent to the date of acquisition.

**Financial instruments**

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

**EURO FORBES LIMITED****Notes to the Financial Statements  
for the year ended 31 December 2022****Summary of significant accounting policies (cont'd)****Financial instruments (cont'd)*****Financial assets***

The company's financial assets comprise financial assets at amortized cost, comprising cash and cash equivalents.

***Loans receivable***

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Loans receivable are initially measured at fair value and subsequently carried at amortized cost using effective interest method. The company assesses at the end of each reporting date whether there is objective evidence that the financial assets are impaired.

***Cash and cash equivalents***

Cash and cash equivalents comprise bank balance in current accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

***Impairment of financial assets***

The company recognizes an allowance for expected credit losses (ECLs) on its financial assets. ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, which represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
- Lifetime ECL, which represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

***Financial liabilities***

The company's financial liabilities comprise loan from a subsidiary company and accruals.

***Loans and borrowings***

Loans and borrowings are initially recognized at fair value net of directly attributable transaction costs. Interest-bearing loans and borrowings are subsequently measured at amortized cost using effective interest method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

***Accruals***

Liabilities are recognized for amounts to be paid in future for goods or services received, whether invoiced or not by the supplier.



**EURO FORBES LIMITED****Notes to the Financial Statements**  
*for the year ended 31 December 2022***Summary of significant accounting policies (cont'd)****Provisions**

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

**Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**Revenue recognition**

Revenue is recognized to the extent that it is possible that the economic benefits will flow to the company and the revenue can be reliably measured.

*Interest income*

Revenue from interest income is recognized on accrual basis using the effective interest method.

**Foreign currency transactions**

Transactions in currencies other than US Dollars are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than US Dollars are translated into US Dollars at the rate of exchange ruling at the date of statement of financial position. Resulting gain or loss is taken to the statement of profit or loss and other comprehensive income.

**4. Significant judgment employed in applying accounting policies**

The significant judgement made in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is as under:

*Net realizable values of assets and settlement amounts of liabilities*

Subsequent to the year-end, the management of the company intends to cease the operations and liquidate the company. Accordingly, the carrying value of the company's assets as at date of statement of financial position are presented at estimated net realizable values and all recorded liabilities thereof are presented at estimated settlement amounts based on the estimation of the management.

The company's assets and liabilities in the financial statements may differ from the realized amounts of the assets and liabilities of the company through liquidation and accordingly, further adjustments may be required to be made to the financial statements.

The management of the parent shareholder company has confirmed its intention to provide necessary financial support to enable the company to meet its liabilities as at 31 December 2022 and up to the completion of liquidation.

## EURO FORBES LIMITED

Notes to the Financial Statements  
for the year ended 31 December 2022

## 5. Investment in a subsidiary:

	<i>Country of incorporation</i>	<i>% of Ownership</i>	<i>2022 USD</i>	<i>2021 USD</i>
Forbes Lux FZE *	U. A. E.	100%	44,378,856	44,378,853
(1,632 shares of AED 100,000 each)				
Provision for impairment			<u>(44,378,856)</u>	<u>(44,363,472)</u>
			<u>-</u>	<u>15,381</u>
<b>Share of net book value as at 31 December 2022</b>				
Forbes Lux FZE			<u>(596,697)</u>	<u>15,381</u>

\* The principal activity of **Forbes Lux FZE** is trading and distribution of water purifiers, filters and purifications devices, electrical and electronics appliances and related items and spare parts manufactured by an overseas related party and sourced from external/ third party vendors.

## 6. Loan to a related party

This represents unsecured and 5% interest bearing, medium term funding loan together with interest accrued thereon advanced to Forbes Lux International AG, a fellow subsidiary company to meet with its working capital requirements, repayable within 3 years or such other time as may be mutually agreed between the parties. This loan is secured against undertaking from the parent shareholder company, Eureka Forbes Limited, for the financial support and repayment of the loan and accrued interest thereon. Movements in the loan to a related party and interest receivable accounts were as follows:

	<i>2022 USD</i>	<i>2021 USD</i>
<b>Loan to a related party</b>		
Opening balance	-	1,350,000
Funds advanced	-	125,000
Impairment	-	<u>(1,475,000)</u>
Closing balance	<u>-</u>	<u>-</u>
<b>Interest receivable</b>		
Opening balance	-	65,278
Charge for the year	-	34,406
Impairment	-	<u>(99,684)</u>
Closing balance	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

## 7. Cash and cash equivalents

This represents balance in current accounts with a bank.

## EURO FORBES LIMITED

Notes to the Financial Statements  
for the year ended 31 December 2022

	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
<b>8. Share capital</b>		
<b>Authorized capital</b>		
361,000 shares of nominal value of AED 1,000 each (Converted @ 1 USD = AED 3.67)	<u>98,365,123</u>	<u>98,365,123</u>
<b>Issued and paid up capital</b>		
357,765 shares of nominal value of AED 1,000 each ! # * @	<u>51,307,145</u>	<u>51,307,145</u>
! Includes 41,615 shares issued at AED 1,000 each.		
# Includes 188,500 shares issued at discounted value of AED 460 each.		
* Includes 74,000 shares issued at discounted value of AED 475 each.		
@ Includes 53,650 shares issued at discounted value of AED 465 each.		

**9. Loan from a subsidiary company**

This represents unsecured, 5% p.a. interest bearing loan and accrued interest thereon from Forbes Lux FZE, a subsidiary, to meet with the investments, working capital and general corporate requirements, repayable after 3 years from the date of first disbursement of the working capital finance based on the business exigencies of the company. The company has utilized the funds to advance funds to an overseas related party.

Movements in the loan from a subsidiary and interest payable accounts were as follows:

	<u>2022</u> <u>USD</u>	<u>2021</u> <u>USD</u>
<b>Loan from a subsidiary</b>		
Opening balance		950,000
Receipt of loan	16,338	125,000
Balance written back *	<u>(16,338)</u>	<u>(1,075,000)</u>
Closing balance	<u>-</u>	<u>-</u>
<b>Interest payable</b>		
Opening balance	-	44,431
Charge for the year	-	24,368
Balance written back *	<u>-</u>	<u>(68,799)</u>
Closing balance	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

\* The company assessed that loan and interest payable were no longer payable and has, accordingly written back such amounts.



## EURO FORBES LIMITED

Notes to the Financial Statements  
for the year ended 31 December 2022

## 10. Related party transactions and balances

The company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party as contained in the International Accounting Standard – 24: *Related Party Disclosures*. Transactions between the company and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

Related parties are the parent shareholder company, subsidiary company, fellow subsidiary company and directors as under:

-	Eureka Forbes Limited, India	Parent shareholder company
-	Forbes Lux FZE, Dubai, U.A.E.	Subsidiary
-	Forbes Lux International AG, Switzerland	Fellow subsidiary
-	Rajagopalan Sambamoorthy	Director
-	Sunil Dhondiram Uphale	Director

As at the date of statement of financial position, significant related party balances and transactions during the year were as follows:

		<i>Subsidiary</i> <i>USD</i> <i>Dr/(Cr)</i>	<i>Fellow</i> <i>subsidiary</i> <i>USD</i> <i>Dr/(Cr)</i>	<i>Total</i> <i>USD</i> <i>Dr/(Cr)</i>
<b><u>Balances:</u></b>				
Investment in a subsidiary	2022	-	-	-
	2021	15,381	-	15,381
<b><u>Transactions:</u></b>				
Investment in a subsidiary	2022	3	-	3
	2021	-	-	-
Provision for impairment	2022	15,384	-	15,384
	2021	1,522,451	-	1,522,451
Impairment of loan and interest receivable	2022	-	-	-
	2021	-	1,574,684	1,574,684
Write back of liability	2022	(16,338)	-	(16,338)
	2021	(1,143,799)	-	(1,143,799)
Interest income	2022	-	-	-
	2021	-	(34,406)	(34,406)
Finance charges	2022	-	-	-
	2021	24,368	-	24,368

Related party transactions during the year also include professional fees of USD Nil (2021: USD 10,000) incurred on behalf of an overseas related party. The company also receives and provides interest bearing loans from / to the related parties as and when required to meet their requirements.

## 11. Financial instruments: Credit, liquidity and market risk exposures

## Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally bank balance. The company's bank balance in current accounts are placed with a high credit quality financial institution.



**EURO FORBES LIMITED****Notes to the Financial Statements  
for the year ended 31 December 2022****Financial instruments: Credit, liquidity and market risk exposures (cont'd)****Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored by the management and the parent shareholder company, who ensure that sufficient funds are made available to the company to meet short, medium and long-term funding and liquidity requirements.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rate risk and currency risk, will affect the company's income or the value of its holdings of financial instruments.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the absence of interest bearing borrowings, there is no interest rate risk.

*Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E. Dirhams to which US Dollar rate is pegged.

**12. Financial instruments: Fair values**

The fair values of the company's financial assets, comprising bank balance and financial liabilities, comprising accruals, approximate to their carrying values.

**13. Capital risk management**

The capital structure of the company comprises share capital and accumulated losses.

**14. Contingent liabilities and capital commitments**

There were no contingent liabilities and capital commitments outstanding as at the date of statement of financial position.

**15. Comparative figures**

Previous year's figures have been regrouped/ reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassification do not affect the previously reported loss, net assets or equity of the company.

**16. Approval of the financial statements**

The financial statements were approved by the Board of Directors on 12 May 2023 and authorized Mr. Sunil Dhondiram Uphale to sign on behalf of the board.