

**INDIAN BUSINESS AND
PROFESSIONAL COUNCIL
SHARJAH – UNITED ARAB EMIRATES
FINANCIAL STATEMENTS AND REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH – UNITED ARAB EMIRATES
FINANCIAL STATEMENTS AND REPORTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Contents	Pages
Independent auditor's report	1 - 2
Statement of financial position	3
Statement of comprehensive income	4
Statement of changes in members' funds	5
Statement of cash flows	6
Notes to the financial statements	7 - 13

SA/5982/AA/FEB/2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH – UNITED ARAB EMIRATES**

Report on the Financial Statements

We have audited the accompanying financial statements of Indian Business and Professional Council (the "Council"), which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Elected Governing Body (EGB) of the Council's Responsibility for the Financial Statements

Elected Governing Body (EGB) is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard. 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 on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements 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 Council'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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH – UNITED ARAB EMIRATES (Continued)**

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 accompanying financial statements present fairly, in all material respects, the financial position of Indian Business and Professional Council as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The trading license of the Council has expired on 9 November 2009. The renewal of trading license is under process.

Sharjah
27 February 2011

Saju Augustine FCA
Reg. No : 136
Morison Menon Chartered Accountants

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Notes	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Assets			
Non-current assets			
Property, plant and equipment	4	247	17
Total non-current assets		<u>247</u>	<u>17</u>
Current assets			
Accounts receivable	5	92,451	76,300
Cash and cash equivalents	6	438,297	75,443
Total current assets		<u>530,748</u>	<u>151,743</u>
Total assets		<u>530,995</u>	<u>151,760</u>
Members' funds and liabilities			
Members' funds			
Patrons' contribution	7	80,350	80,350
Accumulated surplus		57,599	12,596
Total members' funds		<u>137,949</u>	<u>92,946</u>
Current liabilities			
Accounts payable	8	393,046	58,814
Total current liabilities		<u>393,046</u>	<u>58,814</u>
Total members' funds and liabilities		<u>530,995</u>	<u>151,760</u>

The accompanying notes on pages 7 to 13 form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 and 2.

Authorised for issue by the Elected Governing Body on 27 February 2011.

For Indian Business and Professional Council

Chairman

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Membership fees		44,200	38,500
Newsletter income		100,290	51,150
Sponsorship fee		25,000	12,500
Affiliation fee	9	52,809	51,543
		<u>222,299</u>	<u>153,693</u>
Honorarium to Co-ordinator		(30,000)	(30,000)
Business and social events expenses	10	(23,402)	(7,938)
Newsletter expenses		(86,254)	(38,616)
Communication		(12,372)	(26,639)
Utilities		(3,360)	(2,996)
Gifts and momentous		(3,233)	-
Legal and professional charges		(2,000)	(3,330)
Local conveyance		(1,552)	(4,459)
Bank charges		(50)	-
Office expenses		(4,004)	(6,357)
Other expenses		(8,499)	(5,998)
Bad debts written off		(2,500)	-
Depreciation (Note 4)		(70)	(106)
Profit for the year		45,003	27,254
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>45,003</u></u>	<u><u>27,254</u></u>

The accompanying notes on pages 7 to 13 form an integral part of these financial statements.

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<u>Patrons' contribution</u> <u>AED</u>	<u>Accumulated surplus</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Balance at 1 January 2009	80,350	(14,658)	65,692
Total comprehensive income for the year	-	27,254	27,254
Balance at 31 December 2009	80,350	12,596	92,946
Total comprehensive income for the year	-	45,003	45,003
Balance at 31 December 2010	80,350	57,599	137,949

The accompanying notes on pages 7 to 13 form an integral part of these financial statements.

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Cash flows from operating activities		
Profit for the year	45,003	27,254
Adjustment for:		
Depreciation	70	106
Operating cash flows before changes in working capital	<u>45,073</u>	<u>27,360</u>
(Increase) in accounts receivable	(16,151)	(39,748)
Increase/(decrease) in accounts payable	334,232	(38,728)
Net cash generated from/(used in) operating activities	<u>363,154</u>	<u>(51,116)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(300)	-
Net cash (used in) investing activities	<u>(300)</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	362,854	(51,116)
Cash and cash equivalents at beginning of year	75,443	126,559
Cash and cash equivalents at end of year (Note 6)	<u><u>438,297</u></u>	<u><u>75,443</u></u>

The accompanying notes on pages 7 to 13 form an integral part of these financial statements.

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. GENERAL INFORMATION :

Indian Business and Professional Council (the "Council") is a non-profit organisation operating under a license issued by the Economic Development Department, Government of Sharjah, United Arab Emirates. The registered office of the Council is P.O. Box. 28336, Sharjah, United Arab Emirates and the principal place of business of the Council is located in Sharjah, U.A.E.

The principal activity of the Council is to promote commerce and tourism between India and the emirate of Sharjah.

The affairs of the Council are being managed by the Elected Governing Body (EGB).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES :

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are presented in Arab Emirates Dirhams (AED) and all values are rounded to the nearest AED. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Statement of compliance

The financial statements of the Council have been prepared in accordance with International Financial Reporting Standards.

2.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised Standards including amendments thereto and Interpretations which became effective for the current reporting period have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

IAS 27: Consolidated and Separate Financial Statements
IAS 39: Financial Instruments
IFRS 1: First Time Adoption of IFRS
IFRS 3: Business Combinations
IFRS 7: Financial Instruments-Disclosures
IFRIC 16: Hedges of a Net Investment in a Foreign Operation
IFRIC 17: Distribution of Non-cash Assets to Owners
IFRIC 18: Transfer of Assets from Customers
IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

The following Standards, amendments thereto and Interpretations have been issued prior to 31 December 2010 but have not been applied in these financial statements as their effective dates of adoption are for future periods. It is anticipated that their adoption in the relevant accounting periods will have impact only on disclosures within the financial statements.

IAS 24: Related Party Disclosures - January 1, 2011
IAS 32: Financial Instruments - February 1, 2010
IFRS 9: Financial Instruments - January 1, 2013
IFRIC 14: IAS 19: The limit on a defined Benefit Asset, Minimum Funding Requirement and their interaction- January 1, 2011

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

2.4 Foreign currencies

(a) Functional and presentation currency

The financial statements are prepared and the items included in the financial statements are measured using the currency of the primary economic environment in which the Council operates ('the functional currency'). The financial statements are presented in AED, which is the Council's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss during the reporting period in which they are incurred.

The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows;

	Years
Furniture and office equipments	4

The assets' residual values and useful lives are reviewed at the end of the reporting period, with the effect of any changes in estimates adjusted on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses arising on the disposal or retirement of an item of property, plant and equipment is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in the profit or loss.

2.6 Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the Council 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.

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Current financial assets that have fixed or determinable payments and for which there is no active market, which comprise accounts receivable and cash and bank balances are classified as receivables and stated at cost or, if the impact is material, at amortized cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the profit or loss.

Current financial liabilities which comprise accounts payable are measured at cost or, if the impact is material, at amortized cost using the effective interest method.

2.7 Impairment of Financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that a financial asset or a group of financial assets is impaired, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. Impairment losses are written off to the statement of comprehensive income or if previously an allowance was made, it is written off against the allowance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of previously recognised impairment loss is recognised in the profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of temporary bank overdrafts.

2.9 Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognised in the profit or loss, net of any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions are not recognised for future operating losses.

2.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Council's activities.

Revenue is recognised based on the following specific recognition criteria.

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Rendering of services

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably at the end of each reporting period. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Receipt of fees

Membership fees, affiliation fees and sponsorship fees received and receivable during the year from the members, affiliated associations and other non-members are recognised as income.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS :

The preparation of the Council's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

a) *Impairment of assets*

Assessments of net recoverable amounts of property, plant and equipment and all financial assets other than receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

4. PROPERTY, PLANT AND EQUIPMENT :

	<u>Furniture and office equipments</u> AED
Cost	
At 1 January 2009	11,612
At 31 December 2009	11,612
Additions	300
At 31 December 2010	11,912
Accumulated depreciation	
At 1 January 2009	11,489
Charge for the year	106
At 31 December 2009	11,595
Charge for the year	70
At 31 December 2010	11,665
Net book amount	
At 31 December 2009	17
At 31 December 2010	247

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

5. ACCOUNTS RECEIVABLE :	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Receivable from event sponsors	34,930	49,050
Receivable from affiliated associations	37,657	26,200
Advance to suppliers	18,814	-
Refundable deposits	1,050	1,050
	<u>92,451</u>	<u>76,300</u>
	<u>92,451</u>	<u>76,300</u>
6. CASH AND CASH EQUIVALENTS :	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Cash on hand	-	7,500
Cash at bank :		
Current accounts	438,297	67,943
	<u>438,297</u>	<u>75,443</u>
	<u>438,297</u>	<u>75,443</u>
Current accounts include AED 50,404/- (2009 : AED 21,389/-) held by the Council for the exclusive benefit of an affiliated association.		
7. PATRONS' CONTRIBUTION	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Balance at end of year	<u>80,350</u>	<u>80,350</u>
Patrons' contribution represents non-refundable contribution in cash received from the founding members. The founding members have made a commitment to contribute a further non-refundable amount of upto AED 10,000/- each as and when called for by the Council.		
8. ACCOUNTS PAYABLE :	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Payable to affiliated associations	389,556	48,938
Advance membership fee received	500	5,650
Accrued expenses	2,990	4,226
	<u>393,046</u>	<u>58,814</u>
	<u>393,046</u>	<u>58,814</u>
9. AFFILIATION FEE :	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Alpha Palliative Council	5,000	2,500
All Kerala Medical Graduates Association	5,000	5,000
Gulf Maharashtra Business Forum	5,000	-
Indian Pharmaceuticals Professional Council (IPPC)	10,309	9,543
Indian Golfers Society	15,000	15,000
Indian Basketball Society	2,500	2,500
Indian Society of Gastroenterologists (ISG)	-	5,000
Society of Indian Engineers (SIE U.A.E.)	10,000	12,000
	<u>52,809</u>	<u>51,543</u>
	<u>52,809</u>	<u>51,543</u>

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

10. BUSINESS AND SOCIAL EVENTS EXPENSES :

	<u>31.12.2010</u> <u>AED</u>	<u>31.12.2009</u> <u>AED</u>
Annual General Meeting expenses	2,225	3,600
Extraordinary General Meeting expenses	-	130
Other events	6,560	4,208
Indian cultural night expenses	14,617	-
	<u>23,402</u>	<u>7,938</u>

11. FINANCIAL RISK MANAGEMENT :

11.1 Financial risk factors

The Council's activities expose to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Council's financial performance.

Risk management is carried out by the Council's management. The management identifies and evaluates financial risks on regular basis to minimise the adverse impact over the Council's operation.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises : interest rate risk and currency risk. The Council's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(i) Foreign currency risk

Foreign 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. The Council's exposure to the risk of changes in foreign exchange rates relates primarily to the Council's activities, when revenue or expense are denominated in a different currency from the Council's functional currency which is United Arab Emirates Dirham (AED). The Council manages the risks through regular monitoring of the currency markets to determine appropriate action to minimise the exposure to the foreign currency risk .

There are no significant foreign currency risk as all the financial assets and financials liabilities are denominated in AED.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council's exposure to the risk of changes in market interest rates is limited to its interest bearing assets and liabilities.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Council is exposed to credit risk from its operating activities (primarily for receivables and committed transactions) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**INDIAN BUSINESS AND PROFESSIONAL COUNCIL
SHARJAH - UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The Council deals only with highly reputed local and international banks. In respect of receivables, credit risk is limited to its carrying values as the Elected Governing Body regularly reviews the balances to assess recoverability and establishes appropriate allowances for amounts considered doubtful.

(c) Liquidity risks

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Council manages the liquidity risk through risk management framework for the Council and by maintaining sufficient cash and cash equivalent to ensure funds are available to meet its commitments for liabilities as they fall due.

12. FAIR VALUE :

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The fair values of the financial assets and liabilities approximate their net book amounts as reflected in these financial statements.

13. COMMITMENT AND CONTINGENCIES :

Details of the commitments and outstanding contingent liabilities of the Council which are in the normal course of the business activities are as follows:

13.1 Operating lease arrangements

On the basis of the mutual understanding with Indian Trade and Exhibition Centre, an affiliated association, the council was provided with rent free office space in their premises upto the end of the reporting period. Hence, no provision is made for the liability towards office rent if any, in these financial statements.

13.2 Contingent liabilities and capital commitments

Except the on going service commitments in the normal course of activities against which no loss is expected, there has been no other known contingent liabilities or capital commitments on the Council's account.

14. COMPARATIVE NOTE :

The previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.