

**SHEELA FOAM TRADING L.L.C**  
**Dubai, United Arab Emirates**

**Auditors' Report & Financial Statements**  
**For the year ended 31<sup>st</sup> March, 2025**

**SHEELA FOAM TRADING L.L.C**  
**Dubai, United Arab Emirates**

**For the year ended 31<sup>st</sup> March, 2025**

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## **INDEPENDENT AUDITORS' REPORT**

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**To the shareholder of M/s. SHEELA FOAM TRADING L.L.C, Dubai, United Arab Emirates**

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying annual financial statements of **M/s. SHEELA FOAM TRADING L.L.C**, Dubai, United Arab Emirates ("the L.L.C") which comprise the statement of financial position as at 31<sup>st</sup> March, 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31<sup>st</sup> March, 2025 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of **M/s. SHEELA FOAM TRADING L.L.C**, Dubai, United Arab Emirates as at 31<sup>st</sup> March, 2025, and its financial performance and its cash flows for year ended 31<sup>st</sup> March, 2025 in accordance with International Financial Reporting Standards (IFRS).

#### ***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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the L.L.C in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

Those charged with governance are responsible for overseeing the L.L.C's financial reporting process.

### ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on 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 L.L.C'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 L.L.C'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 L.L.C 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 Requirement**

As required by the provisions of Federal Decree Law No. (2) of 2015 and its amendments, we can further confirm that:

1. We are not aware of any contraventions during the year of the above-mentioned law or the (LLC's) Articles of Association, which may have material effect on the financial position of the (LLC) or the result of its operations for the year.

#### **For ALYAH AUDITING ACCOUNTANTS**



**Dr. Ali Mohammed Rashid AlShehhi**  
Reg. No: 49

Date: 13<sup>th</sup> May, 2025

File No: ALYAH#3361

**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Statement of Financial Position**  
**As at 31st March, 2025**

	Note	2024-25 AED	2023-24 AED
<b>ASSETS</b>			
<b>Non - Current Asset</b>			
Property, Plant and equipments	3	248,601	-
<b>Total Non- Current Asset</b>		<b>248,601</b>	<b>-</b>
<b>Current Assets</b>			
Accounts and other receivables	4	2,039,520	195,866
Inventories		910,914	845,263
Cash and Cash Equivalents	5	108	196,000
<b>Total Current Assets</b>		<b>2,950,542</b>	<b>1,237,129</b>
<b>TOTAL ASSETS</b>		<b>3,199,143</b>	<b>1,237,129</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	6	594,000	500,000
Retained Earnings	7	(2,767,780)	(739,651)
Securities Premium	8	3,572,000	-
<b>Total Equity</b>		<b>1,398,220</b>	<b>(239,651)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Loans from related parties	9	-	-
Accounts and other payables	10	1,800,923	1,476,780
<b>Total Current Liabilities</b>		<b>1,800,923</b>	<b>1,476,780</b>
<b>Total Liabilities</b>		<b>1,800,923</b>	<b>1,476,780</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,199,143</b>	<b>1,237,129</b>

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

These financial statements have been approved and signed by the undersigned on 13th May, 2025

**For Sheela Foam Trading LLC**

**Authorized Signatory**

The report of the Auditors is set on pages 1 to 3.



**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Statement of Comprehensive Income**  
**For the year ended 31st March, 2025**

	Note	2024-25 AED	2023-24 AED
Revenue from operations	11	1,814,085	199,683
Cost of Revenue	12	(1,115,900)	(240,908)
<b>Gross Profit/ (loss)</b>		<b>698,185</b>	<b>(41,225)</b>
Administrative expenses	13	(2,694,612)	(698,426)
Depreciation of Property, Plant & Equipment	3	(32,124)	-
<b>Operating loss for the year</b>		<b>(2,028,551)</b>	<b>(739,651)</b>
Other income	14	422	-
<b>Loss for the year</b>		<b>(2,028,129)</b>	<b>(739,651)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(2,028,129)</b>	<b>(739,651)</b>

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**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Statement of Changes in Equity**  
**For the year ended 31st March, 2025**

	Share Capital AED	Retained Earnings AED	Securities Premium AED	Total Equity AED
Balance at 01st April, 2023	500,000	-	-	500,000
Total comprehensive loss for the year	-	(739,651)	-	(739,651)
Net movement during the year	-	-	-	-
<b>Balance at 31st March, 2024</b>	<b>500,000</b>	<b>(739,651)</b>	<b>-</b>	<b>(239,651)</b>
Additionas to share capital	94,000	-	-	94,000
Total comprehensive loss for the year	-	(2,028,129)	-	(2,028,129)
Net movement during the year	-	-	3,572,000	3,572,000
<b>Balance at 31st March, 2025</b>	<b>594,000</b>	<b>(2,767,780)</b>	<b>3,572,000</b>	<b>1,398,220</b>

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For Sheela Foam Trading LLC

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**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Statement of Cash Flows**  
**For the year ended 31st March, 2025**

	2024-25 AED	2023-24 AED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	(2,028,129)	(739,651)
<b>Adjustments for non-cash items:</b>		
Depreciation	32,124	-
	(1,996,005)	(739,651)
<b>Changes in working capital:</b>		
<i>Increase or Decrease in:</i>		
Accounts and other receivables	(1,843,654)	(195,866)
Inventory	(65,651)	(845,263)
Accounts and other payables	324,143	1,476,780
<b>Cash (used in) operations</b>	<b>(3,581,167)</b>	<b>(304,000)</b>
<b>Net cash (used in) operating activities</b>	<b>(3,581,167)</b>	<b>(304,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Property, plant and equipments	(280,725)	-
Deletion of Property, plant and equipments	-	-
<b>Net cash used in investing activities</b>	<b>(280,725)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Capital introduced	94,000	500,000
Securities Premium	3,572,000	-
<b>Net cash generated from financing activity</b>	<b>3,666,000</b>	<b>500,000</b>
<b>Net cash movement for the year</b>	<b>(195,892)</b>	<b>196,000</b>
Cash and cash equivalents at beginning of the year	196,000	-
<b>Cash and cash equivalents at end of the year</b>	<b>108</b>	<b>196,000</b>

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

These financial statements have been approved and signed by the undersigned on 13th May, 2025

**For Sheela Foam Trading LLC**



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**Authorized Signatory**

The report of the Auditors is set on pages 1 to 3.

# Sheela Foam Trading L.L.C

Dubai, United Arab Emirates

## Notes to the Financial Statements

### For the year ended 31st March, 2025

#### 1 Legal Status

M/s Sheela Foam Trading L.L.C was established in Dubai on 25th September, 2023 under the Registration Number: 2089390 and Commercial License Number: 1222867, as a Limited Liability Company under the U.A.E. Federal Law No. (2) of 2015 and its amendments. The registered address of the Limited Liability Company is 908 - The Metropolis, Marasi Drive, Business Bay, Dubai, 118694.

The Company is primarily engaged in the business of Sponge Mattresses and Home Furniture Trading.

The Company is being managed by Mr. Kumar Ghanshyam Brijwani, an Indian national.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the financial statements.

##### 2.2 Accounting convention

These financial statements have been prepared on a going concern basis applying the historical cost convention. The fair / net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under (IFRSs).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. (IFRS 13)

##### 2.3 Property, plant and equipment

Property, plant and equipments are stated at historical cost less less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as an asset only when it is probable that future economic benefits associated with the asset will flow to the company and the cost of an asset can be measured reliably. The carrying amounts of replaced parts are derecognised. All other repair and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	USEFUL LIVES	
	2024-25	2023-24
Property, plant and equipment	4 Years	-

##### 2.4 Accounts and other receivables

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery. Other receivable that have fixed or determinable payments that are not quoted in an active market are classified as other receivables. Prepayments are carried at cost less any accumulated impairment losses.



**Notes to the Financial Statements**  
**For the year ended 31st March, 2025**

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**2.5 Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

**2.6 Accounts payable and accruals**

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

**2.7 Provisions**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

**2.8 Revenue recognition**

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5 step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

**Rendering of services**

Revenue from rendering of services are recognised when the services have been rendered and the outcome of the transactions can be estimated reliably. Customers are invoiced on a monthly basis and consideration is payable when invoiced. The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customers and payment by the customers exceeds one year.

**Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

**Other income**

Other income is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

**2.9 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) for its ordinary share capital. The earnings per ordinary share are calculated by dividing the profit or loss attributable to the Fund's shareholders by the weighted average number of issued ordinary shares during the reporting period. In calculating the diluted earnings per share, the profit or loss attributable to the Fund's shareholders and the weighted average number of issued ordinary shares during the reporting period are adjusted for all potential dilutive effects on the ordinary shares.

**2.10 Critical accounting judgements and key sources of estimation uncertainty**

While applying the accounting policies, the management of the Company has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year of the revision in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The significant estimates made by management are summarized as follows:



**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Notes to the Financial Statements**  
**For the year ended 31st March, 2025**

**Useful lives of property, plant and equipment**

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors such as the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value as it is deemed immaterial.

**Dismantling cost of property, plant and equipment**

In accordance with IAS 16, the cost of property, plant and equipment shall include an initial estimate of the costs of dismantling and removing the item and restoring the site. Management have considered the requirements and determined that dismantling and removing the item and restoring the site in the future is not probable and estimates of costs in not significant.

**Impairment of property, plant and equipment**

Property, plant and equipment are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the estimated useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment.

**Allowance for doubtful debts**

An Allowance for doubtful debts is determined using a combination of factors to ensure that the Accounts receivables are not overstated due to uncollectible. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables and continuing credit evaluation of customers' financial conditions.

**3 Property, plant and equipments**

	<b>Buildings (Showrooms)</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>
<b>Cost</b>		
At 1st April, 2023	-	-
Add: Additions during the year	-	-
Less: Disposals	-	-
<b>As at 31st March, 2024</b>	-	-
Add: Additions during the year	280,725	280,725
<b>As at 31st December, 2025</b>	<b>280,725</b>	<b>280,725</b>
<b>Accumulated depreciation</b>		
At 1st April, 2023	-	-
Add: Charge for the year	-	-
<b>As at 31st March, 2024</b>	-	-
Add: Charge for the year	32,124	32,124
<b>As at 31st December, 2025</b>	<b>32,124</b>	<b>32,124</b>
<b>Net book value</b>		
<b>As at 31st December, 2025</b>	<b>248,601</b>	<b>248,601</b>
<b>As at 31st December, 2024</b>	-	-

**4 Accounts and other receivables**

	<b>2024-25</b>	<b>2023-24</b>
	<b>AED</b>	<b>AED</b>
Trade receivables - considered good	503,288	104,510
Balances with Government / Statutory Authorities	39,463	60,747
Prepaid expenses	30,248	29,944
Advance to Contractors/suppliers	1,466,521	664
	<b>2,039,520</b>	<b>195,866</b>



**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Notes to the Financial Statements**  
**For the year ended 31st March, 2025**

**5 Cash and cash equivalents**

	2024-25	2023-24
	AED	AED
Cash in hand	-	-
Cash at Bank	108	196,000
	<b>108</b>	<b>196,000</b>

**6 Share capital**

In accordance with the Article of Association of the Company, the authorised capital and number of ordinary shares are as follows:

	2024-25		2023-24	
	Number of shares	AED	Number of shares	AED
<b>AUTHORISED CAPITAL</b>				
Ordinary Shares of AED 1,000/- each	594	594,000	500	500,000
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>				
Ordinary Shares of AED 1,000/- each, fully paid up	594	594,000	500	500,000

Terms and rights attached to Ordinary shares

Each ordinary share have face value of AED 1,000 and carry one vote per share.

Reconciliation of the Number of shares outstanding at the beginning and at the end of Reporting year are as follows:

	2024-25		2023-24	
	Number of shares	AED	Number of shares	AED
Shares outstanding at the beginning of the reporting year	500	500,000	-	-
Add:- Shares issues during the reporting year	94	94,000	500	500,000
<b>Shares outstanding at the end of the reporting year</b>	<b>594</b>	<b>594,000</b>	<b>500</b>	<b>500,000</b>

**Shareholding**

		2024-25		2023-24	
	Nationality	Number of shares	% Holding	Number of shares	% Holding
Sheela Foam Limited	India	594	100%	500	100%
<b>Total</b>		<b>594</b>	<b>100%</b>	<b>500</b>	<b>100%</b>

**7 Retained Earnings**

	2024-25	2023-24
	AED	AED
Opening Balance	(739,651)	-
Add: loss for the year	(2,028,129)	(739,651)
<b>Closing Balance</b>	<b>(2,767,780)</b>	<b>(739,651)</b>





**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Notes to the Financial Statements**  
**For the year ended 31st March, 2025**

8	<b>Securities Premium</b>	2024-25	2023-24
		AED	AED
	Opening Balance	-	-
	Net movement during the year	3,572,000	-
	<b>Closing Balance</b>	<b>3,572,000</b>	<b>-</b>
9	<b>Loan from related parties</b>	2024-25	2023-24
		AED	AED
	Advances from affiliate companies	-	-
		-	-
10	<b>Accounts and other payables</b>	2024-25	2023-24
		AED	AED
	Accounts payables	1,326,202	1,157,088
	Other liabilities - employees	21,770	93,100
	Other loans & advances	131,649	1,284
	Advance from customers	321,302	225,308
		<b>1,800,923</b>	<b>1,476,780</b>
11	<b>Revenue</b>	2024-25	2023-24
		AED	AED
	Sale of products	1,814,085	199,683
		<b>1,814,085</b>	<b>199,683</b>
12	<b>Cost of revenue</b>	2024-25	2023-24
		AED	AED
	Purchase of stock-in-trade	1,181,551	1,086,171
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	(65,651)	(845,263)
		<b>1,115,900</b>	<b>240,908</b>
13	<b>Administrative expenses</b>	2024-25	2023-24
		AED	AED
	Workmen and staff welfare	-	100
	Salaries, wages, allowance, and other benefits	1,114,161	312,669
	Gratuity	19,701	-
	Bank Charges	7,525	1,249
	Advertisement	124,885	25,414
	Freight and forwarding	23,083	2,655
	Insurance	22,703	178
	Legal and professional	23,541	24,261
	Miscellaneous Expenses	97,255	7,194
	Rates and taxes	29,131	7,158
	Rent and hire	578,873	78,113
	Selling and promotion	478,773	222,936
	Travelling and conveyance	99,540	9,062
	Contractual Labour	75,442	7,437
		<b>2,694,612</b>	<b>698,426</b>



# Sheela Foam Trading L.L.C

Dubai, United Arab Emirates

## Notes to the Financial Statements For the year ended 31st March, 2025

### 14 Other Income

	2024-25	2023-24
	AED	AED
Other Income	422	-
	422	-

### 15 Earnings per share

The computation of the "Earnings per share" in line with IAS 33 is as under:

	2024-25	2023-24
	AED	AED
Profit attributable to owners of the company	(2,028,129)	(739,651)
Weighted average number of shares	547	500
<b>Basic and diluted earning per share</b>	<b>(3,708)</b>	<b>(1,479)</b>

### 16 Financial instruments

#### Capital risk management

The primary objective of the company's capital risk management activities is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

The Company monitors capital using a leverage ratio, which is net debt divided by total capital defined as equity plus net debt. The capital structure of the company consists of debt, which includes long term debts, cash and cash equivalents and equity comprising share capital, statutory reserve, retained earnings and shareholder's current account. The leverage ratio, determined as net debt to net debt plus equity, at the year-end.

	2024-25	2023-24
	AED	AED
Debt	-	-
Cash and cash equivalents	108	196,000
<b>Net debt</b>	<b>(108)</b>	<b>(196,000)</b>
Net debt	-	-
Equity	1,398,220	(239,651)
<b>Net debt plus equity</b>	<b>1,398,220</b>	<b>(239,651)</b>
<b>Leverage ratio</b>	<b>-</b>	<b>-</b>

#### Risk Management

The main risks arising from the Company's financial instruments are market risk, interest rate risk, foreign currency risk, liquidity risk, credit risk and capital management risk. No changes were made in the risk management objectives and policies during the year. The management of the Company reviews and agrees policies for managing each of these risks.

#### a). Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market price whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

#### i). Foreign exchange 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 Company has no significant currency risk exposure from its operations as majority of the Company's transactions are in UAE Dirham, hence, the Company's exposure to the risk of changes in foreign exchange rates is negligible.

#### ii). Interest rate risk

Significant financial instruments, other assets and other liabilities of the Company as at 31st March, 2025 are not interest based.



# Sheela Foam Trading L.L.C

Dubai, United Arab Emirates

## Notes to the Financial Statements For the year ended 31st March, 2025

### 16 Financial instruments (Continued)

#### 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 financial loss.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Individual risk limits are based on management's assessment on a case-by-case basis and further concentration of credit risk is diluted by securing post-dated cheques from customers based on risk applicability.

The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks. With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company's Accounts receivables are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure is the carrying amount of the Accounts receivables as disclosed in note 4.

#### c). Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitment associated with financial instruments. Liquidity risk may result from an inability to sell a financial assets quickly at close to its fair value.

The company manage liquidity risk through ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilization of borrowing facilities are monitored, including the need for additional borrowings, as required.

### 17 Fair value of financial instruments

The Company's assets are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The carrying value less any impairment provision of Accounts receivables and payables, approximate to their fair values as they are mainly short-term in nature. The fair value of the Company's financial instruments is not materially different from the carrying value at 31st March, 2025.

### 18 Corporate tax

On December 09, 2022, the Ministry of Finance in the UAE issued Federal Decree- Law No 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law, CT) in the UAE regime, marking a significant milestone as it sets a general corporate income tax for the first time.

The Corporate Tax (CT) Law takes effect for financial years beginning on or after June 1, 2023. Cabinet of Ministers Decision No. 116 of 2022 provides clear guidelines, establishing a 9% tax rate on income exceeding AED 375,000 and a 0% rate on qualifying income for free zone entities. Accordingly, the law is now substantively enacted for accounting purposes.

In accordance with IAS 12 Income Taxes, the LLC has assessed the deferred tax implications for the year ended 31st March, 2025. Where the carrying amount differs from the tax base, the Company has considered the implications of applicable tax laws, official pronouncements, cabinet decisions, ministerial decisions, and transition rules. Based on this assessment, it has been concluded that the deferred tax implications are not material.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The LLC's corporate tax effective registration date is 01st June, 2023, and its first corporate tax period is from 01st April, 2024 to 31st March, 2025. The LLC has incurred a loss of AED 2,028,129/- in the current financial year. The LLC can opt/avail any benefits according to its eligibility under corporate tax provisions.





**Sheela Foam Trading L.L.C**  
Dubai, United Arab Emirates

**Notes to the Financial Statements**  
**For the year ended 31st March, 2025**

**19 Financial instruments by category**

	2024-25	2023-24
	AED	AED
<b>Financial assets:</b>		
Cash at bank	108	196,000
Accounts and other receivables (excluding prepaid expenses)	2,009,272	165,921
	<b>2,009,380</b>	<b>361,921</b>
<b>Financial liability:</b>		
Accounts and other payables (excluding advances from customers)	1,479,621	1,251,472
	<b>1,479,621</b>	<b>1,251,472</b>

**20 Comparative figures**

Previous year's figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. Figures of the Company have been rounded off to nearest AED 1/-.

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

These financial statements have been approved and signed by the undersigned on 13th May, 2025

**For Sheela Foam Trading LLC**



**Authorized Signatory**

The report of the Auditors is set on pages 1 to 3.



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