# ELECON TRANSMISSION INTERNATIONAL LTD

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED

## 31 MARCH 2015

ELECON TRANSMISSION INTERNATIONAL LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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| | | Date of appointment |
|---|---|---|
| DIRECTORS | : Mr Christian Li | 29 September 2010 |
| | Ms Kathleen Lai | 29 September 2010 |
| | Mr Prayasvin B. Patel | 29 September 2010 |
| | Mr Prashant C. Amin | 29 September 2010 |
| | Mr Pradip M. Patel | 29 September 2010 |

SECRETARY : CKLB International Management Ltd
1st Floor, Felix House
24 Dr. Joseph Riviere Street
Port Louis
Mauritius

REGISTERED OFFICE : 1st Floor, Felix House
24 Dr. Joseph Riviere Street
Port Louis
Mauritius

AUDITOR : Deloitte
7th Floor, Raffles Tower
19 Cybercity
Ebene
Mauritius

BANKERS : Bank of Baroda
4th Floor, Bank of Baroda Building
Sir William Newton Street
Port-Louis
Mauritius

Bank of Baroda
32, City Road
London EC1Y 2BD
United Kingdom

The directors present their commentary and the audited financial statements of Elecon Transmission International Ltd (the "Company") for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as an investment holding company.

RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 March 2015 is GBP 1,920,356 ( 31 March 2014: GBP 58,606)

The directors do not recommend the payment of a dividend for the year ended 31 March 2015 (31 March 2014: Nil)

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare the financial statements, comprising the Company's Statement of Financial Position at 31 March 2015, Statement of profit or loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

AUDITORS

The auditor, Deloitte, have expressed their willingness to continue in office and will be automatically re-appointed at the next annual meeting.

By Order of the Board

CKLB International Management Ltd
SECRETARY

Date: 02 October 2015

We certify that to the best of our knowledge and belief, we have filed with the Registrar of Companies all such returns as are required of Elecon Transmission International Ltd under the Mauritius Companies Act 2001 for the financial year ended 31 March 2015

CKLB International Management Ltd
CORPORATE SECRETARY,
1st Floor, Felix House
24 Dr Joseph Riviere Street
Port Louis, Mauritius

Date: 02 October 2015

Deloitte.

7th floor, Raffles Tower
19 Cybercity
Ebène 72201
Mauritius



## Independent auditor's report to the shareholder of Elecon Transmission International Ltd

This report is made solely to the Company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on the Financial Statements**

We have audited the financial statements of **Elecon Transmission International Ltd** on pages 5 to 25 which comprise the statement of financial position at 31 March 2015 and the statement of Profit or Loss and Other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

*Directors' responsibilities for the financial statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*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 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Basis for Adverse Opinion*

*Non-compliance with International Financial Reporting Standards (IFRS) 10 Consolidated Financial Statements*

IFRS 10 requires the company to present group financial statements in which it consolidates its investments in subsidiary in order to present information about the group as that of a single economic entity. As explained in note 20, group financial statements have not been prepared in accordance with the requirements of IFRS 10.

**Opinion**

In our opinion, because of the effects of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements on pages 5 to 25 do not give a true and fair view of the financial position of **Elecon Transmission International Ltd** at 31 March 2015, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards.

*Emphasis of matter – going concern*

We draw attention to Note 20 of the financial statements which indicates that the company had a net current liabilities of GBP 5,681,054 at 31 March 2015. This condition indicates the existence of a material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon continued availability of debt facilities and funds being made available by the shareholder. The financial statements do not include any adjustments that would result from non availability of finance.

**Report on other legal requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the Company other than in our capacity as auditor and tax advisor;
- in our opinion, except as indicated in the basis for adverse opinion above, proper accounting records have been kept by the Company as far as appears from our examination of those records.
- we have not obtained all information and explanations that we have required in so far as explained in the paragraph on non-compliance with IFRS 10; and
- except for the non-compliance with IFRS 10, the financial statements of the company comply with the Mauritius Companies Act 2001, in so far as applicable to companies holding Category 1 Global Business Licence.

Deloitte

**Deloitte**

**Chartered Accountants**

2 October 2015

**LLK Ah Hee, FCCA**
**Licensed by FRC**

| | Notes | 2015 GBP | 2014 GBP |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 5 | 2,239,750 | 2,384,250 |
| Investment in subsidiaries | 6 | 11,162,820 | 10,162,820 |
| | | 13,402,570 | 12,547,070 |
| Current assets | | | |
| Loans receivable | 7 | 4,581,733 | 7,359,577 |
| Other receivables and prepaid expenses | 8 | 870,189 | 523,020 |
| Cash and cash equivalents | | 383,324 | 468,576 |
| | | 5,835,246 | 8,351,173 |
| Total assets | | 19,237,816 | 20,898,243 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Stated capital | 9 | 8,036,419 | 4,209,035 |
| Accumulated losses | | (4,677,357) | (2,757,001) |
| Total equity | | 3,359,062 | 1,452,034 |
| Non-current liabilities | | | |
| Interest bearing borrowings | 10 | 4,362,454 | 6,353,903 |
| Current liabilities | | | |
| Interest bearing borrowings | 10 | 9,391,016 | 9,235,532 |
| Loan from shareholder | 11 | 1,222,137 | 3,498,807 |
| Other payables and accrued expenses | 12 | 903,147 | 357,967 |
| | | 11,516,300 | 13,092,306 |
| Total liabilities | | 15,878,754 | 19,446,209 |
| Total equity and liabilities | | 19,237,816 | 20,898,243 |

These financial statements have been approved by the Board of Directors on 02 October 2015 and signed on its behalf by:

| NAME OF DIRECTORS | SIGNATURE |
|---|---|
| Christian Li | ................................ |
| Asha Goorcharran (as alternate to Kathleen Lai) | ................................ |

The notes on pages 9 to 25 form an integral part of these financial statements.

| | Notes | 2015 GBP | 2014 GBP |
|---|---|---|---|
| OTHER INCOME | | | |
| Interest receivable | | 350,669 | 353,396 |
| Licence fees | | 5,013 | 1,436 |
| Exchange difference | | - | 808,664 |
| Royalty income | | 6,740 | - |
| | | 362,422 | 1,163,496 |
| EXPENSES | | | |
| Commission and bank charges | | 456,692 | 170,080 |
| Annual domiciliary fees | | 2,597 | 2,478 |
| Professional fees | | 266,519 | 112,900 |
| Audit fees | | 15,047 | 6,891 |
| Licence fees | | 1,366 | 1,367 |
| Amortisation cost | 5 | 144,500 | 144,500 |
| Travelling expenses | | 19,544 | - |
| Exchange difference | | 751,399 | 53,353 |
| Administration and accounting fees | | 11,297 | 13,613 |
| Disbursements | | 19 | - |
| Finance cost | 13 | 612,787 | 716,920 |
| | | 2,281,767 | 1,222,102 |
| Loss before tax | | (1,919,345) | (58,606) |
| Income tax expense | 14 | (1,011) | - |
| Loss for the year | | (1,920,356) | (58,606) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive loss for the year | | (1,920,356) | (58,606) |

The notes on pages 9 to 25 form an integral part of these financial statements.

| | Stated capital | Accumulated losses | Total equity |
|---|---|---|---|
| | GBP | GBP | GBP |
| At 1 April 2013 | 4,209,035 | (2,698,395) | 1,510,640 |
| Loss and total comprehensive loss for the year | - | (58,606) | (58,606) |
| At 31 March 2014 | 4,209,035 | (2,757,001) | 1,452,034 |
| At 1 April 2014 | 4,209,035 | (2,757,001) | 1,452,034 |
| Issue of shares | 3,827,384 | - | 3,827,384 |
| Loss and total comprehensive loss for the year | - | (1,920,356) | (1,920,356) |
| At 31 March 2015 | 8,036,419 | (4,677,357) | 3,359,062 |

The notes on pages 9 to 25 form an integral part of these financial statements.

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| Cash flows from operating activities | | |
| Loss before tax | (1,919,345) | (58,606) |
| *Adjustment for:* | | |
| Expenses paid on behalf | 40,877 | 13,421 |
| Foreign exchange difference | 715,682 | (864,718) |
| Interest receivable | (350,669) | (353,396) |
| Amortisation cost | 144,500 | 144,500 |
| Finance cost | 612,787 | 716,920 |
| Operating loss before working capital changes | (756,168) | (401,879) |
| Working capital adjustments: | | |
| Decrease/ increase in other receivables and prepaid expenses | 3,135 | (3,593) |
| Increase in other payables and accrued expenses | 534,471 | 32,419 |
| | (218,562) | (373,053) |
| Interest received | 365 | 130,923 |
| Finance cost paid | (642,955) | (710,503) |
| Net cash flow used in operating activities | (861,152) | (952,633) |
| Investing activities | | |
| Investment in subsidiary | (1,000,000) | (220,000) |
| Loan to subsidiary | - | (3,000,000) |
| Net cash used in investing activities | (1,000,000) | (3,220,000) |
| Financing activities | | |
| Repayment of loan from State Bank Of India | (3,000,000) | - |
| Proceeds of loan from Axis Bank UK Limited | 3,000,000 | - |
| Proceeds from borrowings | 159,825 | 3,222,407 |
| Receipt from repayment of loans receivable | 2,777,844 | 1,753,080 |
| Repayment of borrowings Bank of Baroda, Dubai | (2,379,024) | (2,379,043) |
| Repayment of loan from related party | (238,435) | (40,138) |
| Proceeds from shareholder's loan | 1,587,030 | 1,589,184 |
| Payment of shareholder's loan | (131,340) | - |
| Net cash generated from financing activities | 1,775,900 | 4,145,490 |
| Net decrease in cash and cash equivalents | (85,252) | (27,143) |
| Cash and cash equivalents at beginning of year | 468,576 | 495,719 |
| Cash and cash equivalents at end of year | 383,324 | 468,576 |

*Non cash transaction:*

During the current year, the Company entered into the following non cash financing activity which is not reflected in the statement of cash flows:

Amount due to holding company of USD 4,357,604 and GBP 1,103,010 has been converted into 3,827,384 equity shares of GBP 1 each.

The notes on pages 9 to 25 form an integral part of these financial statements.

1. GENERAL INFORMATION

Elecon Transmission International Ltd (the "Company") is a private company incorporated on 29 September 2010 with limited liability by shares under the Mauritius Companies Act 2001 in the Republic of Mauritius. It holds a Category 1 Global Business License and is regulated by the Financial Services Commission. The Company's registered office is 1st Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius.

The principal activity of the Company is to act as an investment holding company.

The financial statements of the Company for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on the date stamped on page 5.

2. STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS).

2.1 BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention and are presented in Great Britain Pounds ("GBP").

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the accounting policies, which have been applied consistently, is set out below.

Investment in subsidiaries

Subsidiaries are entities which are controlled by the company. Control is achieved when the Company:

• has power over the investee;
• is exposed , or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affect its returns;

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

• the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• potential voting rights held by the company, other vote holders or other parties;
• rights arising from other contractual arrangements; and
• any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investment in subsidiaries are shown at cost less impairment losses. Any impairment in the value of investment is recognised by reducing the cost of the investment to its recoverable amount and charging the difference to profit or loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

## 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Consolidated financial statements

The Company owns 100% of the issued share capital of Benzler Systems AB and Radicon Transmission UK Limited. The Company, being itself an intermediate parent is required to prepare consolidated financial statements under IFRS 10 Consolidated Financial Statements.

No consolidated financial statements under IFRS have been prepared given that Elecon Engineering Company Ltd, the holding company, prepares consolidated financial statements in accordance with Indian GAAP.

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

### Foreign currency translations

*Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements of the Company are presented in GBP which is the functional currency of the Company.

Management determines the functional currency of the Company to be the GBP. In making this judgement, management evaluates among other factors, the regulatory and competitive environment and the fee and performance reporting structures of the Company and in particular, the economic environment of its investors.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Company at its functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are

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. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined.

### Financial assets

*Initial recognition and measurement*

Financial assets within the scope of IAS 39 are classified as loans and receivables. The Company determines the classification of its financial assets at initial recognition.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

*Cash and cash equivalents*

Cash comprises of cash at bank. Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

*Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate.

*Derecognition of financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or decreased by adjusting the allowance account.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Financial liabilities

*Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities include borrowings, loan from shareholder, other payables and accrued expenses.

*Subsequent measurement*

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Other payables

Other payables are stated at their nominal value which is a reasonable approximation of amortised cost.

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### Stated capital

Ordinary shares are classified as equity.

### Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue earned by the Company is recognised on the following bases:

*Interest income*

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

*Royalty income*

Royalty income is calculated as per conditions set out in the royalty agreement.

### Expense recognition

All expenses are accounted for in profit or loss on the accrual basis.

### Taxes

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

*Deferred tax*

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised.

### Related parties

Related parties are individuals and companies where the related party or the Company has the ability directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2014.

3.1 Revised Standards applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

| | |
|---|---|
| IAS 27 | Separate Financial Statements: Amendments for investment entities |
| IAS 32 | Financial Instruments: Presentation - Amendments to application guidance on the offsetting of financial assets and financial liabilities |
| IAS 36 | Impairment of Assets - Amendments arising from recoverable amount disclosures for Non-Financial Assets |
| IAS 39 | Financial Instruments: Recognition and measurement - Amendments for novations of derivatives |
| IFRS 10 | Consolidated Financial Statements- Amendments for investment entities |

3.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

| | |
|---|---|
| IAS 1 | Presentation of Financial Statements - Amendments resulting from the disclosure initiative (effective 1 January 2016) |
| IAS 24 | Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities) (effective 1 July 2014) |
| IAS 27 | Separate Financial Statements- Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (1 January 2016) |
| IAS 38 | Intangible Assets- Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation) (effective 1 July 2014) |
| IAS 38 | Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective1 January 2016) |
| IAS 39 | Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018) |
| IFRS 7 | Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016) |
| IFRS 7 | Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018) |
| IFRS 7 | Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018) |
| IFRS 9 | Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018) |
| IFRS 10 | Consolidated Financial Statements- Amendments regarding the application of the consolidation execption (effective 1 January 2016) |
| IFRS 13 | Fair Value Measurement - Amendments resulting from Annual Improvements 2010-2012 Cycle (Short-term receivables and payables) (Amendments to basis for conclusion only) (effective 1 July |
| IFRS 13 | Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52) (effective 1 July 2014) |
| IFRS 15 | Revenue from Contracts with Customers - Original issue (Applies to an entity's first annual IFRS financial statements) (effective 1 January 2017) |

The directors anticipate that these IFRSs will be applied on their effective dates in future periods. The directors have not yet assessed the potential impact of the adoption of these amendments.

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

*Critical accounting judgements in applying the Company's accounting policies*

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Company's accounting policies, which are described in Note 2.2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

*Judgements*

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. As described in Note 2.2, the directors have considered those factors described therein and have determined that the functional currency of the Company is the Great Britain Pound.

Key sources of estimation uncertainty

*Useful life of intellectual property*

Management has assessed the useful life of the Intellectual Property Rights to be 20 years based on their industry knowledge. Management has estimated that the net cash inflow generated by the use of the trademark will be for a period of 20 years.

The Company will review the estimated useful life of Intellectual Property Rights at the end of each annual reporting period.

## 5 INTANGIBLE ASSETS

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| COST | | |
| At 1 April and 31 March | 2,890,000 | 2,890,000 |
| ACCUMULATED AMORTISATION | | |
| At 1 April | (505,750) | (361,250) |
| Amortisation cost | (144,500) | (144,500) |
| At 31 March | (650,250) | (505,750) |
| CARRYING AMOUNTS | 2,239,750 | 2,384,250 |

The Intellectual Property Rights consist of trademarks in respect of all the goods for which the Trade Marks are registered as DAVID BROWN.

## 6 INVESTMENT IN SUBSIDIARIES

| | 2015 | 2014 |
|---|---|---|
| *Unquoted* | GBP | GBP |
| At 1 April | 10,162,820 | 9,942,820 |
| Acquisition during the year | 1,000,000 | 220,000 |
| At 31 March | 11,162,820 | 10,162,820 |

Details of the investments held are as follows:

| Name of companies | Country of incorporation | Class of shares held | % Holding | Number of shares | Cost | Cost |
|---|---|---|---|---|---|---|
| | | | | | GBP | GBP |
| | | | 2015 and 2014 | | 2015 | 2014 |
| Radicon Transmission UK Limited (formerly known as Elecon Transmission UK Limited ) | United Kingdom | Ordinary shares | 100 | 2,156,020 | 2,156,020 | 2,156,020 |
| Benzler Systems AB (formerly known as David Brown Systems Sweden AB) | Sweden | Ordinary shares | 100 | 1,000 | 9,006,800 | 8,006,800 |
| | | | | | 11,162,820 | 10,162,820 |

The directors have assessed the carrying values of the investment in the subsidiaries and are of the opinion that the investment are not impaired at reporting date. The shares in the subsidiaries have been pledged in favour of Bank of Baroda.

## 7 LOANS RECEIVABLE

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| At 1 April | 7,359,577 | 6,112,657 |
| Loan given to subsidiary during year | - | 3,000,000 |
| Repayment during the year | (2,777,844) | (1,753,080) |
| At 31 March | 4,581,733 | 7,359,577 |

The Company granted two loans amounting to GBP 6,112,657 which were issued partly in GBP and partly in USD. The loan in GBP carries interest rate at GBP Libor rate 1.02875%+5% whereas the loan issued in USD bears interest at the rate of USD Libor rate 0.44688%+5%. The loans are unsecured and repayable on demand.
During the year ended 31 March 2015, the subsidiaries repaid an amount of GBP 2,619,847 of the GBP loan and GBP 157,997 of the USD loan.

## 8 OTHER RECEIVABLES AND PREPAID EXPENSES

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| Prepayments | 2,210 | 1,047 |
| Other receivable | 5,729 | 10,027 |
| Interest receivable | 862,250 | 511,946 |
| | 870,189 | 523,020 |

## 9 STATED CAPITAL

| | Number of shares | 2015 | 2014 |
|---|---|---|---|
| | | GBP | GBP |
| *Stated capital* | | | |
| Balance at 1 April | 4,209,035 | 4,209,035 | 4,209,035 |
| Issued during the year | 3,827,384 | 3,827,384 | - |
| Balance at 31 March (Ordinary shares of GBP 1 each) | 8,036,419 | 8,036,419 | 4,209,035 |

Rights attached to the shares:

- the shareholders have the right to vote at a meeting on any resolution;
- the right to an equal share in dividends by the Board;
- the right to an equal share in the distribution of the surplus assets of the Company.

The shares of the Company are pledged for bank borrowings as disclosed in Note 10.

During the current year, USD 4,357,604 and GBP 1,103,010 has been converted into 3,827,384 equity shares of GBP 1 each.

## 10 INTEREST BEARING BORROWINGS

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| Current | | |
| Loan from Bank of Baroda, Dubai (Note 1) | 6,251,218 | 5,955,469 |
| Loan from Power Build Transmission International Ltd (Note 2) | 79,466 | 45,926 |
| Loan from Benzler Systems AB (Note 3) | 13,152 | 11,730 |
| Loan from SBI (Note 4) | - | 3,000,000 |
| Loan from Axis Bank UK Limited (Note 4) | 3,000,000 | - |
| Loan from Radicon Transmission (Thailand) Ltd (Note 5) | 47,180 | 222,407 |
| | 9,391,016 | 9,235,532 |
| Non-current | | |
| Loan from Bank of Baroda, Dubai (Note 1) | 4,362,454 | 6,353,903 |

Note 1:

The terms and conditions of the loans are as follows :

The loans carry interest at the rate of 355 basis points (bps)+ USD Libor (6 months) per annum and 355 basis points (bps) + GBP Libor (6 months) per annum.

The security against the loans are as follows:

- First Charge by way of Mortgage Charge on the assets of Benzler TBA BV.
- First Charge on the Movable Assets of the Radicon Transmission UK Limited, Benzler TBA BV and Elecon USA Transmission Limited.
- Pledge of the shareholding of the Company held by Elecon Engineering Company Limited (the Parent ), Pledge of shares of Elecon Engineering Company Limited
- Pledge of Shares held by the Company in Radicon Transmission (UK ) LTD, David Brown System Sweden AB, and Pledge of shares held by Radicon Transmission (UK) Ltd in Elecon USA Transmission Ltd

10 INTEREST BEARING BORROWINGS (CONTINUED)

The security against the loans are as follows (continued):

- Negative Pledge over the entire target assets of the Company including Target IPRs.
- Corporate Guarantee of Elecon Engineering Company Limited, India (Elecon).
- Escrow over all receivables of the entire shareholding of the Company in Benzlers System AB, Radicon Transmission UK Limited and Elecon Transmission US Ltd.
- Pledge of shares of Eimco Elecon (India ) Ltd held by EECL, or any other security of equivalent value.
- The Repayment terms are as follows:

Facility A1 and A2 are repayable in 25 equal quarterly instalments with the first repayment instalment due the date that is 12 months after the Utilization Date whereas facility B1 and B2 is repayable upon demand.

During the year ended 31 March 2015, part repayment of GBP 908,800 of the GBP loan and GBP 1,470,224 of the USD loan were made as mentioned in the Credit Facility Agreement.

Note 2:

The terms and conditions of the loans are as follows :

The Company has several loans with Power Build Transmission International Ltd. The loans carry interest at a rate per annum equal to 375 basis points above the effective six-month USD and GBP Libor rate as charged by Bank of Baroda, Dubai from time to time. The loans are repayable on demand.

Note 3:

The loan bears interest at a rate per annum equal to 500 basis points above the effective six-month USD Libor rate (0.75%+5.00%) and is repayable on demand.

Note 4:

During the year ended 31 March 2015, the Company was granted a loan of GBP 3,000,000. The loan carries interest at a rate per annum of 2.621% above the effective six-month GBP Libor rate as charged by the Axis Bank UK Limited. The loan is backed up by a standby letter of credit issued by Axis Bank Limited, India, at the request of Elecon Engineering Company Limited.

Note 5:

During the year ended 31 March 2015, the Company repaid USD 300,000 (equivalent to GBP 175,227) of the loan of USD 370,000 (equivalent to GBP 222,407) received from Radicon Transmission (Thailand) Ltd. The loan bears interest at a rate per annum equal to 700 basis points above the effective six-month USD libor rate.

11 LOAN FROM SHAREHOLDER

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| Loan from Elecon Engineering Company Ltd | 1,222,137 | 3,498,807 |

The loan from shareholder carries interest at a rate per annum equal to 375 basis points above the effective six-months GBP and USD Libor rates as charged by Bank of Baroda, Dubai from time to time and is repayable on demand.

## 12 OTHER PAYABLES AND ACCRUED EXPENSES

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| Interest payable | 188,406 | 233,282 |
| Amount due to related party | 707,149 | 118,014 |
| Other payables | 7,592 | 6,671 |
| | 903,147 | 357,967 |

Amount due to related party are repayable on demand, unsecured and interest free.

## 13 FINANCE COST

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| Interest paid on bank borrowings | 519,570 | 602,271 |
| Interest paid on loan from related parties | 93,217 | 114,649 |
| | 612,787 | 716,920 |

## 14 INCOME TAX

The Company is a "Category 1 Global Business Licence Company" for the purpose of the Financial Services Act 2007. The profit of the Company, as adjusted for income tax purposes, is subject to income tax at 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% of the Mauritius tax on its foreign source income.

Interest income from call and deposit accounts from banks licenced under Banking Act 2004 are exempt from tax and there is no tax on capital gains in Mauritius. Gains or profits derived from the sale of units or of securities by a Company holding a Category 1 Global Business Licence under the Financial Services Act 2007 are not subject to income tax in Mauritius.

At 31 March 2015, the Company has a tax loss of GBP 5,392,082 (2014: GBP (2,962,617)) to be offset against future taxable income. Tax loss eligible to carry forward is as follows:-

| | Tax losses GBP | Expiry Date |
|---|---|---|
| Thursday, March 31, 2011 | 1,003,762 | 31-Mar-16 |
| Saturday, March 31, 2012 | 356,509 | 31-Mar-17 |
| Sunday, March 31, 2013 | 794,505 | 31-Mar-18 |
| Monday, March 31, 2014 | 807,841 | 31-Mar-19 |
| Tuesday, March 31, 2015 | 2,429,465 | 31-Mar-20 |

No deferred tax asset has been provided as at 31 March 2014 and 31 March 2015.

A reconciliation between the accounting profit as adjusted for tax purposes and the tax charge is as follows:

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| Loss for the year | (1,919,345) | (58,606) |
| Applicable income tax at tax rate of 15% impact of: | (287,902) | (8,791) |
| Tax loss unutilised | 287,902 | 8,791 |
| | - | - |
| Withholding tax on royalty income | 1,011 | - |
| Income tax expense | 1,011 | - |

## 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

*Fair values*

The carrying value of all the Company's financial instruments approximate their fair values.

*Associated risk*

The main risks arising from the Company's financial instruments are market risk, (which includes currency risk and interest rate risk), credit risk and liquidity risk. The Board of directors reviews and agrees policies for managing each of these risks which are summarised below:

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

*Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss.

Financial assets, which potentially expose the Company to credit risk consist primarily of cash and cash equivalents and loans and other receivables. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's Statement of Financial Position.

*Exposure to credit risk*

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount for each class of financial assets recognised in the Statement of Financial Position.

The maximum exposure to the credit risk is attributable to cash balance, loans and interest receivable and is disclosed below:

31 March 2015

| | Carrying Amount | Neither impaired or past due |
|---|---|---|
| | GBP | GBP |
| Loans receivable | 4,581,733 | 4,581,733 |
| Other receivables | 867,979 | 867,979 |
| | 5,449,712 | 5,449,712 |

31 March 2014

| | Carrying Amount | Neither impaired or past due |
|---|---|---|
| | GBP | GBP |
| Loans receivable | 7,359,577 | 7,359,577 |
| Other receivables | 521,973 | 521,973 |
| | 7,881,550 | 7,881,550 |

*Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company undertakes certain transactions denominated in United States Dollar ("USD"). Consequently, the Company is exposed to the risk that the exchange rate of the GBP relative to the USD may change in a manner which has a material effect on the reported values of the Company's assets and liabilities.

## 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

*Currency risk (continued)*

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in fair value of monetary assets and liabilities).

| | Increase / decrease in basis points | Effect on net assets and profit before tax |
|---|---|---|
| | | GBP |
| 2015 | +100 | 58,782 |
| | - 100 | (58782) |

| | Increase / decrease in basis points | Effect on net assets and profit before tax |
|---|---|---|
| | | GBP |
| 2014 | +100 | 86,571 |
| | - 100 | (86,571) |

*Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

| | Financial assets 2015 | Financial liabilities 2015 | Financial assets 2014 | Financial liabilities 2014 |
|---|---|---|---|---|
| | GBP | GBP | GBP | GBP |
| Great Britain Pound | 5,594,340 | 9,761,878 | 7,920,247 | 10,346,468 |
| United States Dollar | 238,696 | 6,116,876 | 429,879 | 9,099,741 |
| | 5,833,036 | 15,878,754 | 8,350,126 | 19,446,209 |

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company's income and operating cash flows are substantially independent of changes in interest rates The Company's only significant interest earning financial assets are cash and cash equivalents and loans receivable. Interest income from cash at bank and loans receivable may fluctuate in amount, in particular due to changes in market interest rates.

The table below analyses the Company's interest rate risk exposure in terms of the remaining period to the next contractual repricing date or to the maturity date, whichever is the earlier. The floating rate column represents the financial assets and liabilities which have floating rates of interest that do not reprice at set dates, but rather reprice whenever the underlying interest rate index changes.

## 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

*Interest rate risk (continued)*

| | Floating | Non-interest sensitive |
|---|---|---|
| | GBP | GBP |
| As at 31 March 2015 | | |
| Financial assets | 4,581,733 | 1,251,303 |
| Financial liabilities | 14,975,607 | 903,147 |

| | Floating | Non-interest sensitive |
|---|---|---|
| | GBP | GBP |
| As at 31 March 2014 | | |
| Financial assets | 7,359,577 | 990,548 |
| Financial liabilities | 19,082,446 | 363,763 |

The impact of changes in interest rates on the Company's financial assets and liabilities is minimal. As such, the effect of a sensitivity analysis on the Company's profit before and net assets would be negligible.

*Liquidity risk*

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate to meet its cash flow obligations.

The following are the Company's contractual maturities of financial liabilities at undiscounted values:-

| | Within 1 year and on demand | Due 1 - 5 years | Due > 5 years | Total |
|---|---|---|---|---|
| | GBP | GBP | GBP | GBP |
| 2015 | | | | |
| Other payables and accrued expenses | 903,147 | - | - | 903,147 |
| Loan from shareholder | 1,222,137 | - | - | 1,222,137 |
| Interest bearing borrowings | 9,391,016 | 4,362,454 | - | 13,753,470 |
| | 11,516,300 | 4,362,454 | - | 15,878,754 |
| 2014 | | | | |
| Other payables and accrued expenses | 357,967 | - | - | 357,967 |
| Loan from shareholder | 3,498,807 | - | - | 3,498,807 |
| Interest bearing borrowings | 9,235,532 | 6,353,903 | - | 15,589,435 |
| | 13,092,306 | 6,353,903 | - | 19,446,209 |

## 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

*Capital management*

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt, which includes interest bearing borrowings net of cash and equity comprising stated capital and accumulated losses.

*Gearing ratio*

The gearing ratio at the year end was as follows:

| | 2015 | 2014 |
|---|---|---|
| | GBP | GBP |
| Debt (i) | 14,975,607 | 19,088,242 |
| Cash and cash equivalents | (383,324) | (468,576) |
| Net debt | 14,592,283 | 18,619,666 |
| Equity | 3,359,062 | 1,452,034 |
| Net debt to equity ratio | 4.34 | 12.82 |

(i) Debt is defined as long and short term borrowings as detailed in Note 10 and Note 11.
(ii) Equity includes all capital and reserves of the Company.

No changes were made in the objectives, policies or processes during the year ended 31 March 2015.

Categories of financial instruments

| | 2015 | 2014 |
|---|---|---|
| Financial assets | GBP | GBP |
| Loans and receivables (including cash and cash equivalents) | 5,833,036 | 8,350,126 |
| Financial liabilities | | |
| Interest bearing borrowings | 13,753,470 | 15,589,435 |
| Loan from shareholder | 1,222,137 | 3,498,807 |
| Other payables and accrued expenses | 903,147 | 357,967 |
| | 15,878,754 | 19,446,209 |

## 16 HOLDING COMPANY

The directors consider Elecon Engineering Company Ltd, a Company incorporated in India with its registered office at Sojitra Road, Vallabh Vidyanagar - 388120, Gujrat as the holding company.

17 RELATED PARTY DISCLOSURES

During the year ended 31 March 2015, the Company transacted with related parties. The nature, volume and type of transactions with the parties, as shown below:

| Year ended 31 March 2015 | Type of relationship | Nature of transactions | Volume of transactions | Balance |
|---|---|---|---|---|
| | | | GBP | GBP |
| Elecon Engineering Company Ltd | Holding Company | Loan repaid | 2,276,670 | 1,222,137 |
| | | Debit notes | 126,866 | 652,919 |
| Radicon Transmission UK Limited | Subsidiary | Loan repayment received | 2,777,844 | - |
| | | Interest receivable | 348,140 | 5,394,682 |
| Radicon Transmission UK Limited | Subsidiary | Amount payable | - | 9,875 |
| Benzler Systems AB | Subsidiary | Loan receivable | - | 42,000 |
| Benzler Systems AB | Subsidiary | Interest receivable | 2,164 | 7,301 |
| Benzler Systems AB | Subsidiary | Loan payable | - | 13,152 |
| Benzler Systems AB | Subsidiary | Interest payable | 708 | 1,506 |
| Benzler Systems AB | Subsidiary | Amount payable | 15,908 | 29,647 |
| Power Build Transmission International Ltd | Common management | Loan received | 37,668 | 79,466 |
| Power Build Transmission International Ltd | Common management | Interest payable | 1,905 | 9,027 |
| Radicon Transmission (Thailand) Ltd | Common management | Loan payable | 175,227 | 47,180 |
| Radicon Transmission (Thailand) Ltd | Common management | Interest payable | 3,817 | 4,175 |

| Year ended 31 March 2014 | Type of relationship | Nature of transactions | Volume of transactions | Balance |
|---|---|---|---|---|
| | | | GBP | GBP |
| Elecon Engineering Company Ltd | Holding Company | Loan received | 1,394,522 | 3,498,807 |
| | | Debit notes | 526,053 | 526,053 |
| Radicon Transmission UK Limited | Subsidiary | Loan granted | 3,000,000 | |
| | | Loan repayment received | 1,753,080 | |
| | | Interest received | 130,923 | |
| | | Interest receivable | 351,231 | 7,824,386 |

## 17 RELATED PARTY DISCLOSURES (CONTINUED)

| Year ended 31 March 2014 | Type of relationship | Nature of transactions | Volume of transactions | Balance |
|---|---|---|---|---|
| | | | GBP | GBP |
| Radicon Transmission UK Limited | Subsidiary | Amount payable | 9,875 | 9,875 |
| Benzler Systems AB | Subsidiary | Loan receivable | - | 42,000 |
| Benzler Systems AB | Subsidiary | Interest receivable | 2,165 | 5,137 |
| Benzler Systems AB | Subsidiary | Loan repaid | - | 11,730 |
| Benzler Systems AB | Subsidiary | Interest expenses | 714 | 798 |
| Benzler Systems AB | Subsidiary | Amount payable | 13,738 | 13,738 |
| Power Build Transmission International Ltd | Common management | Loan received | 9,292 | 41,798 |
| Power Build Transmission International Ltd | Common management | Interest payable | 4,218 | 7,122 |
| Radicon Transmission (Thailand) Ltd | Common management | Loan Payable | 222,407 | 222,407 |
| Radicon Transmission (Thailand) Ltd | Common management | Interest Payable | 358 | 358 |

*Compensation to Key Management Personnel*

No compensation was paid to key management personnel for the years ended 31 March 2015 and 2014.

## 18 EVENT AFTER THE REPORTING DATE

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2015.

## 19 NON-COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

*IFRS 10 – Consolidated Financial Statements*

IFRS 10 Consolidated Financial Statements, require a parent company with subsidiaries to present consolidated financial statements unless it is exempted from this requirement.

Although the company does not satisfy the exemption criteria available under IFRS 10, consolidated financial statements have not been prepared as the directors believe the benefits of resenting consolidated financial statements to be minimal.

## 20 BASIS OF PREPARING THE FINANCIAL STATEMENTS

At 31 March 2015, the Company had a net current liabilities amounting to **GBP 5,681,054** (2014: GBP 4,741,133). The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the holding company. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.