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BG&E ENGINEERS LIMITED (AED)

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2011**

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BG&E ENGINEERS LIMITED (AED)

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BG&E ENGINEERS LIMITED (AED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
Revenue		8,852,119	13,425,586
Cost of sales		<u>(3,558,655)</u>	<u>(4,524,925)</u>
Gross profit		5,293,464	8,900,661
Other income		1,142,049	(1,233,246)
Administration expenses		(546,030)	(361,818)
Marketing expenses		(19,457)	(17,033)
Occupancy expenses		(595,693)	(894,644)
Other expenses		<u>(7,056,818)</u>	<u>(2,138,928)</u>
(Loss) Profit for the year		<u>(1,782,485)</u>	4,254,992
Total comprehensive income for the year		<u><u>(1,782,485)</u></u>	<u><u>4,254,992</u></u>
Total comprehensive income attributable to members of the entity		(1,782,485)	4,254,992

The accompanying notes form part of these financial statements

BG&E ENGINEERS LIMITED (AED)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	556,843	922,665
Trade and other receivables	3	8,092,996	10,577,296
Inventories	4	685,548	555,748
Other current assets	5	605,064	641,389
TOTAL CURRENT ASSETS		<u>9,940,451</u>	<u>12,697,098</u>
NON-CURRENT ASSETS			
Trade and other receivables	3	1,708,596	2,655,947
Property, plant and equipment	6	206,070	340,449
TOTAL NON-CURRENT ASSETS		<u>1,914,666</u>	<u>2,996,396</u>
TOTAL ASSETS		<u>11,855,117</u>	<u>15,693,494</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	4,780,845	1,437,590
Financial liabilities	8	73,626	-
Other current liabilities	9	(1,203,428)	126,611
TOTAL CURRENT LIABILITIES		<u>3,651,043</u>	<u>1,564,201</u>
NON-CURRENT LIABILITIES			
Trade and other payables	7	8,203,486	-
TOTAL NON-CURRENT LIABILITIES		<u>8,203,486</u>	<u>-</u>
TOTAL LIABILITIES		<u>11,854,529</u>	<u>1,564,201</u>
NET ASSETS		<u>588</u>	<u>14,129,293</u>
EQUITY			
Issued capital	10	588	646
Retained earnings	11	-	14,128,647
TOTAL EQUITY		<u>588</u>	<u>14,129,293</u>

A large handwritten signature, possibly 'Ahmed', is written over a circular stamp. Below the signature, the word '(Director)' is handwritten in parentheses.

BG&E ENGINEERS LIMITED (AED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1 Statement of Significant Accounting Policies

BG&E Engineers Limited (AED) is a company limited by shares, domiciled in Australia

Reporting basis and conventions

The directors have prepared the financial statements on the basis that the company is a non reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001, and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

Income Tax

Within the jurisdictions in which the company is governed, there is no tax payable and therefore no provision has been made in the financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in first-out basis.

BG&E ENGINEERS LIMITED (AED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Property, Plant and Equipment

Property, plant and equipment are carried at cost. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company. The depreciable amount of property, plant and equipment (excluding freehold land) is depreciated on a straight-line basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The carrying value of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

Depreciation

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by the company. Depreciation commences from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation method and useful life of assets is reviewed annually to ensure they are still appropriate.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement in those goods.

BG&E ENGINEERS LIMITED (AED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
2 Cash and Cash Equivalents		
Cash at Bank	-	393,879
Petty Cash - Abu Dhabi	1,000	1,000
Petty Cash - Dubai	5,071	3,474
Investment Account	-	13,493
Project Guarantee Investment Account	100,000	50,000
Cash at Bank - Abu Dhabi	450,772	460,819
	<u>556,843</u>	<u>922,665</u>
3 Trade and Other Receivables		
Current		
Trade Debtors	15,184,568	15,735,186
Less Provision for Doubtful Debts	(7,091,572)	(5,157,890)
	<u>8,092,996</u>	<u>10,577,296</u>
	<u>8,092,996</u>	<u>10,577,296</u>
Non-Current		
Loans - Related Entities	<u>1,708,596</u>	<u>2,655,947</u>
The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired		
4 Inventories		
Current		
Unbilled Revenue	<u>685,548</u>	<u>555,748</u>
5 Other Current Assets		
Current		
Prepayments	<u>605,064</u>	<u>641,389</u>

BG&E ENGINEERS LIMITED (AED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
6 Property, Plant and Equipment		
Furniture & Fittings - Dubai	173,746	241,416
Less Accumulated Depreciation	(111,036)	(145,103)
	<u>62,710</u>	<u>96,313</u>
Office Equipment - Dubai	429,995	406,018
Less Accumulated Depreciation	(381,873)	(309,829)
	<u>48,122</u>	<u>96,189</u>
Computer Software - Dubai	471,326	398,784
Less Accumulated Depreciation	(414,871)	(366,709)
	<u>56,455</u>	<u>32,075</u>
Furniture & Fittings - Abu Dhabi	155,557	155,557
Less Accumulated Depreciation	(142,217)	(90,416)
	<u>13,340</u>	<u>65,141</u>
Office Equipment - Abu Dhabi	118,813	120,703
Less Accumulated Depreciation	(95,663)	(72,372)
	<u>23,150</u>	<u>48,331</u>
Computer Software - Abu Dhabi	10,904	9,265
Less Accumulated Depreciation	(8,611)	(6,865)
	<u>2,293</u>	<u>2,400</u>
Total Plant and Equipment	<u>206,070</u>	<u>340,449</u>
Total Property, Plant and Equipment	<u>206,070</u>	<u>340,449</u>
7 Trade and Other Payables		
Current		
Trade Creditors	4,028,184	398,610
Other Creditors	752,661	1,038,980
	<u>4,780,845</u>	<u>1,437,590</u>
Non-Current		
Loans - Related Entities	<u>8,203,486</u>	<u>-</u>

BG&E ENGINEERS LIMITED (AED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 \$	2010 \$
8	Borrowings		
	Current		
	Bank Overdraft	<u>73,626</u>	<u>-</u>
	Total borrowings	3 <u>73,626</u>	3 <u>-</u>
9	Other Liabilities		
	Current		
	Accrued Charges	(2,217,737)	25,153
	Income in Advance	<u>1,014,309</u>	<u>101,458</u>
		<u>(1,203,428)</u>	<u>126,611</u>
10	Issued Capital		
	Issued Capital	<u>588</u>	<u>646</u>
	There are no externally imposed capital requirements		
	There have been no changes in the strategy adopted by management to control the capital of the company since the prior year		
11	Retained Earnings		
	Retained earnings at the beginning of the financial year	14,128,649	9,901,770
	(Net loss) Net profit attributable to members of the company	(1,782,485)	4,254,992
	Dividends provided for or paid	<u>(12,346,164)</u>	<u>(28,115)</u>
	Retained earnings at the end of the financial year	<u>-</u>	<u>14,128,647</u>

BG&E ENGINEERS LIMITED (AED)

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements

The directors of the company declare that

- 1 The financial statements and notes, as set out on pages 1 to 7 are in accordance with the Corporations Act 2001,
 - (a) comply with Accounting Standards, and
 - (b) give a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debt as and when they become due and payable

This declaration is made in accordance with a resolution of the Board of Directors

Director:

Mr Peter Camilleri

Dated this 3rd day of November 2011



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BG&E ENGINEERS LIMITED (AED)

Report on the Financial Report

We have audited the accompanying financial report of BG&E Engineers Limited (AED) which comprises the statement of financial position as at 30 June 2011 and the statement of comprehensive income for the year ended on that date, a summary of significant accounting policies, other explanatory information and the directors' declaration

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report, and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial report 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 the directors, as well as evaluating the overall presentation of the financial report

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BG&E ENGINEERS LIMITED (AED)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of the company, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditors' Opinion

In our opinion the financial report of BG&E Engineers Limited (AED) is in accordance with the Corporations Act 2001, including

- (a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1, and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Name of Firm. Maxim
Chartered Accountants

Name of Partner:


Mark R Peatey

Address: Level 2 59 Wentworth Avenue KINGSTON ACT 2604

Dated this 3rd day of November 2011

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BG&E ENGINEERS LIMITED (AED)

PROFIT AND LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
SALES		
Professional Fees	8,852,119	13,425,586
LESS: COST OF GOODS SOLD		
Opening Work in Progress	555,748	125,456
Direct Labour	3,566,060	4,886,149
Entertainment - Client	1,509	633
Consulting/Drafting	1,015,060	1,382,384
Miscellaneous Direct Expenses	(923,487)	(663,211)
Travel & Accommodation	57,605	70,132
Variation WIP - BG&E	(31,673)	(721,964)
Courier	3,381	1,094
Closing Work in Progress	(685,548)	(555,748)
	3,558,655	4,524,925
GROSS PROFIT FROM TRADING	5,293,464	8,900,661
OTHER INCOME		
Sundry Revenue	1,595,987	-
Currency Gain/(Loss)	(453,938)	(1,233,246)
	1,142,049	(1,233,246)
	6,435,513	7,667,415

The accompanying notes form part of these financial statements

BG&E ENGINEERS LIMITED (AED)**PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
	\$	\$
EXPENSES		
Accounting Fees	142,982	109,239
Administration Support Services	546,030	361,818
Business Development Costs	530	-
Bad Debts Written Off	3,731,799	(2,131,293)
Bank Charges	11,756	6,653
Courses & Seminars	-	4,606
Cleaning & Amenities	18,720	19,285
Computer Software	58,989	27,452
Computer Services	29,465	55,628
Depreciation Expenses	236,345	297,315
Donations	8,570	-
Drawing Office/CAD Consumables	2,775	9,613
Electricity/Gas	17,909	10,055
Employee Entertainment	857	-
Employee Amenities	14,533	13,493
Entertainment - Client	20,071	4,480
Filing, Fines & Miscellaneous	158,185	134,784
Couriers & Freight	4,823	4,641
Insurance	228,020	341,219
Internet	48,239	35,833
Management Fees	19,457	17,033
Postage	724	674
Printing & Stationery	37,571	21,484
Profit Share	40,000	1,154,565
Safety & Protective Wear	2,143	903
Staff Visa & Associated Costs	30,482	101,785
Staff - Recruitment/Relocation	27,695	14,290
Rent	513,537	820,891
Repairs & Maintenance	20,186	64,088
Subscriptions	9,941	5,979
Sundry Expenses	4,759	1,378
Telephone	64,247	63,698
Travel & Accommodation	104,747	35,691
Indirect Labour	2,061,911	1,805,143
	8,217,998	3,412,423
(Loss) Profit before income tax	(1,782,485)	4,254,992

The accompanying notes form part of these financial statements