ASIAN PAINTS (TONGA) LIMITED

Directors' Report

For the year ended 31st March, 2015

In accordance with a resolution of the Board of Directors, the directors herewith submit the statement of financial position of the company as at 31 March 2015, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:

Joseph Pulikottil	Jaideep Nandi (resigned)	Tom Thomas (appointed)

Principal Activities

The principal activities of the company in the course of the year were sales and distribution of paints and paint related products and there has been no significant change in these activities during the year.

Results

The operating profit for the company for the year was TOP 395,577 (2014:TOP 193,931) after an income tax expense of TOP 66,918 (2014:TOP 81,116).

Dividends

The directors declared and paid dividends amounting to TOP 60,000 (2014 : TOP 120,000) for the year.

Reserves

The directors recommended that no transfer be made to reserve within the meaning of the Tongan Companies Act 1995.

Bad and Doubtful Debts

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of directors, adequate provision has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written for bad debts or the provision for doubtful debts in the company inadequate to any substantial extent.

Non Current Assets

Prior to the completion of the financial statements of the company, the directors took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to non current assets in the company's financial statements misleading.

Unusual Transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the company in the current financial year, other than those reflected in the financial statements.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial year.

Other Circumstances

As at the date of this report :

(i) no charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

(iii) no contingent liabilities or other liabilities of the company has become or is likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

Director's Benefits

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dated this 24th day of April 2015.

Director Director

Statement of Directors' Responsibilities

In accordance with a resolution of the Board of Directors of Asian Paints (Tonga) Limited, we state that in the opinion of the directors:

(i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 March 2015;

(ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 March 2015;

(iii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 March 2015;

(iv) the accompanying cash flow statement of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 March 2015;

(v) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the company.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

Dated this 24th day of April 2015.

Director Director

Independent Auditors' Report

To the members of Asian Paints (Tonga) Limited.

Scope

We have audited the accompanying financial statements of Asian Paints (Tonga) Limited, which comprises the statement of financial position as at 31 March 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

The Directors and the Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1995 of the Republic of Tonga. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the 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 audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 March 2015 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act 1995.

Suva, Fiji
24 April, 2015

Ernst & Young
Chartered Accountants

Statement of Comprehensive Income

For the year ended 31st March, 2015

	Notes	2015 TOP	2014 TOP
Operating revenue	2(a)	2,559,943	2,325,309
Cost of sales		1,810,865	1,700,038
Gross profit		**749,078**	**625,271**
Other operating income	2(b)	283,472	223,474
Depreciation and amortisation		23,424	22,333
Salaries and employee benefits	2(c)	111,034	98,093
Operating expenses	2(d)	435,597	453,272
Profit before income tax		462,495	275,047
Income tax (expense)	4	(66,918)	(81,116)
Profit for the year		**395,577**	**193,931**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**395,577**	**193,9t31**
Earnings per share basic, for profit for the year attributable to ordinary equity holders	17	3.30	1.62

The accompanying notes form an integral part of the statement of comprehensive income.

Statement of Financial Position

As at 31 March 2015

	Notes	2015 TOP	2014 TOP
ASSETS			
Non-current assets			
Property, plant and equipment	5	77,172	91,302
Intangible assets	6	10,406	16,312
Loan receivable from related company	7	1,224,053	1,101,761
Available-for-sale investments	8	284,309	255,818
Deferred income tax asset	4	24,159	35,688
		1,620,099	**1,500,881**
Current assets			
Cash and short term deposits	12	52,370	139,080
Inventories	9	375,170	312,883
Trade and other receivables	10	753,415	474,875
Other assets	11	25,999	8,511
		1,206,954	935,349
TOTAL ASSETS		2,827,053	2,436,230
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Issued capital	13	120,000	120,000
Retained earnings		2,045,493	1,709,916
TOTAL EQUITY		**2,165,493**	**1,829,916**
Current liabilities			
Trade and other payables	14	549,686	406,372
Income tax payable		105,000	77,217
Provisions	15	-	120,000
Employee benefit liability	16	6,874	2,725
		661,560	606,314
TOTAL LIABILITIES		**661,560**	**606,314**
TOTAL EQUITY AND LIABILITIES		**2,827,053**	**2,436,230**

For and on behalf of the Board and in accordance with a resolution of the Directors.

The accompanying notes form an integral part of the statement of comprehensive income.

Director

Director

Statement of Changes In Equity

As at 31 March 2015

	Notes	2015 TOP	2014 TOP
Retained earnings			
Balance at the beginning of the year		1,709,916	1,635,985
Net profit for the year		395,577	193,931
		2,105,493	1,829,916
Dividend proposed	3	(60,000)	(120,000)
Balance at the end of the year		**2,045,493**	**1,709,916**
Issued capital			
Balance at the beginning of the year	13	120,000	120,000
Balance at the end of the year		**120,000**	**120,000**
TOTAL EQUITY		**2,165,493**	**1,829,916**

The accompanying notes form an integral part of this statement of changes in equity.

Statement of Cash Flows

For the year ended 31st March, 2015

	Note	2015 TOP	2014 TOP
OPERATING ACTIVITIES			
Operating profit before income tax		462,495	275,047
Adjustment to reconcile profit before tax to net cash flows			
Non cash:			
Depreciation and amortisation		23,424	22,333
Provision for employee entitlements		4,149	392
Loss on disposal of assets		-	6,469
Unrealised exchange gain		(230,133)	(183,175)
Unrealised exchange loss		47,878	83,097
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(278,540)	16,340
(Increase) in other debtors		(17,488)	(4,748)
(Increase) in inventories		(62,287)	(16,878)
(Increase) in investments		(28,491)	(11,382)
Decrease in financial assets		107,841	133,796
Increase/(decrease) in trade payables and accruals		95,436	(116,788)
Income tax paid		(27,606)	(23,158)
Net cash flows provided by Operating Activities		**96,678**	**181,345**
INVESTING ACTIVITIES			
Acquisition of plant and equipment		(3,388)	(61,985)
Proceeds from disposal of property, plant and equipment		-	9,900
Net cash flows (used in) Investing Activities		**(3,388)**	**(52,085)**
FINANCING ACTIVITIES			
Dividends paid		(180,000)	(60,000)
Net cash flows (used in) Financing Activities		**(180,000)**	**(60,000)**
Net (decrease)/increase in cash held		(86,710)	69,260
Cash at beginning of year		139,080	69,820
Cash at end of year	12	**52,370**	**139,080**

The accompanying notes form an integral part of the statement of cash flows.

Notes to and forming part of the Financial Statements For the year ended 31 March, 2015

1. Corporate Information

The financial statements of Asian Paints (Tonga) Limited for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 24th April 2015. Asian Paints (Tonga) Limited is a limited liability company incorporated and domiciled in Tonga.

The principal activities of the company are described in Note 24.

1.2. Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Tongan Pa'anga (TOP) and all values are rounded to the nearest TOP except when otherwise indicated.

Statement of compliance

The financial statements of Asian Paints (Tonga) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

1.3. Summary of significant accounting policies

a) Foreign currencies

The financial statements are presented in Tongan Pa'anga, which is also the company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the company's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on acquisition of foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

b) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The company has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Sales revenue represents revenue earned from the sale of the company's products and is stated net of returns, trade allowances and Consumption Tax.

c) **Income tax**

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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in income statement. Management periodically evaluates positions taken in the tax returns to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of any unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised on correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

d) **Consumption Tax (CT)**

Revenues, expenses and assets are recognised net of the amount of Consumption Tax except:

- where the Consumption Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of Consumption Tax included.

The net amount of Consumption Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

e) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciation them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the useful lives of the assets as follows:

Leasehold land	Over period of lease
Buildings	2%
Plant and machinery	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 33%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Finance leases, that transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in income statement 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 changed in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in income statement in the expense category consistent with the function of intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in income statement when the asset is derecognised.

h) Financial instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date the company commits to purchase or sell the asset.

The company’s financial assets include cash and trade and other receivables.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the finance income or finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

The company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Loan 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 loans and receivables are carried at amortised cost using the effective interest 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. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classed as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs.

The company evaluated its available-for-sale financial assets whether the ability and intention to sell them in the near term is still appropriate. When the company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassifications to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, the amount recorded inequity is reclassified to the income statement.

Derecognition

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

- The rights to receive cash flow from the asset have expired.
- 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, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset. In that case, the company recognises as associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to pay.

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. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Impairment of financial assets

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been 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 been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred by the company. 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 reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

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

The company's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the company that do not meet the hedge accounting criteria as defined IAS 39.

Gains and losses on liabilities held for trading are recognised in the income statement.

The company has not designated any financial liabilities as at fair value through profit or loss.

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 the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Derecogniton

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 the income statement.

(iv) 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.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 22.

i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods and work in progress - cost of direct materials and labour and an appropriate portion of fixed and variable overheads but excluding borrowing costs;

Costs have been assigned to inventory quantities on hand at balance date using a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j) **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 such 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 group of assets. Where the carrying amount of an asset or CGU exceeds it 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, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired assets, except for property 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.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

k) **Cash and short term deposits**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose statement of cash flows, cash and cash equivalents consist of cash at bank, short-term deposits, held to maturity investments and deposits held at call as defined above, net of outstanding bank overdrafts.

l) **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

m) **Employee entitlements**

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at reporting date on the basis of statutory and contractual requirements.

n) **Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost (inclusive of Value Added Tax where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the company. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

Notes to and forming part of the Financial Statements For the year ended 31 March, 2015

o) **Comparative figures**

Comparative figures have been amended where necessary, for changes in presentation in the current period.

p) **Earnings per share**

Basic earnings per share is determined by dividing net profit after income tax attributable to shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

q) **Dividends**

Dividends are recorded in the company's financial statements in the period in which the Directors approve them.

1.4 Changes in accounting policy and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2014:

- IFRS 10, IFRS 12 and IAS 27 - Investment Entities - amendments
- IAS 32 - Offsetting Financial Assets and Financial Liabilities - amendments

The adoption of the standards or interpretations is described below:

IFRS 10, IFRS 12 and IAS 27 - Investment Entities - amendments

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the company, since none of the entities in the company qualifies to be an investment entity under IFRS 10.

IAS 32 - Offsetting Financial Assets and Financial Liabilities - amendments

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the company, since the company does not have any offsetting arrangements.

1.5 Significant accounting judgments, estimates and assumptions

The preparation of the company›s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. 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.

Judgments

In the process of applying the company›s accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating Lease Commitments

The company has entered in commercial property leases. The company has determined based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership of the property and so accounts for the contracts as operating leases.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment of non financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Deferred income tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 4.

1.6 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the company›s financial statement are listed below. This listing is of standards and interpretations issued, which the company reasonably expects to be applicable at future date. The company intends to adopt those standards when they become effective.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the company given that the companyp has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will berequired to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the company›s financial statements.

Notes to and forming part of the Financial Statements For the year ended 31 March, 2015

		2015 TOP	2014 TOP
2.	**REVENUE AND EXPENSES**		
(a)	Operating revenue		
	Sales revenue	2,559,943	2,325,309
(b)	Other operating income		
	Unrealised exchange gain	230,133	183,175
	Realised exchange gain	37,918	24,506
	Dividend	-	12,912
	Interest received	690	440
	Other income	14,731	2,441
		283,472	223,474
(c)	Salaries and employee benefits comprise:		
	Salaries	78,236	62,800
	Staff gratuity and other related expenses	32,798	35,293
		111,034	98,093
(d)	Operating expenses		
	Auditors remuneration	6,180	7,335
	Bad and doubtful debts	29,432	47,601
	Realised exchange loss	58,585	38,837
	Unrealised exchange loss	47,878	83,097
	Other operating expenses	293,522	276,402
		435,597	453,272
3.	**DIVIDENDS PAID AND PROPOSED**		
	Declared during the year:	60,000	120,000
4.	**INCOME TAX**		
	The major components of income tax expense for the year ended 31 March 2015 and 31 March 2014 are:		
(a)	A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the year ended 31 March 2015 and 31 March 2014 is as follows:		
	Accounting profit before income tax	462,495	275,047
	At the Tongan rate of 25%	115,624	68,762
	(Over)/under provision in prior year	(49,622)	11,711
	Tax effect of non deductible expenses	916	643
	Income Tax attributable to operating profit	66,918	81,116
(b)	Current Income tax:		
	Current income tax charge	92,381	70,424
	Adjustments in respect of current year	(49,622)	11,711
	Origination and reversal of temporary differences	24,159	(1,019)
	Benefit attributable to future years	66,918	81,116

Notes to and forming part of the Financial Statements For the year ended 31 March, 2015

		2015 TOP	2014 TOP
(c)	Deferred income tax at 31 March 2015 and 31 March 2014 relates to the following:		
	Accelerated depreciation for book purposes	29,037	30,601
	Provisions for employee entitlements	1,718	681
	Provisions for inventory obsolescence	16,623	14,146
	Provisions for doubtful debts	22,345	15,279
	Unreaslised exchange (gain)	(57,533)	(45,793)
	Unrealised exchange loss	11,969	20,774
		24,159	35,688
	Represented on the balance sheet as follows:		
	Deferred income tax asset	24,159	35,688

5. PROPERTY, PLANT AND EQUIPMENT

	Works in Progress	Improvements and buildings	Plant and equipment, Furniture & Motor vehicle	Total
	TOP	TOP	TOP	TOP
Cost				
At 31 March 2013	-	50,630	200,559	251,189
Additions	-	-	61,985	61,985
Disposal	-	-	(49,578)	(49,578)
At 31 March 2014	-	50,630	212,966	263,596
Additions	3,388	-	-	3,388
Disposal	-	-	-	-
At 31 March 2015	3,388	50,630	212,966	266,984
Depreciation and impairment				
At 31 March 2013	-	23,672	165,437	189,109
Depreciation charge for the year	-	1,018	15,376	16,394
Disposal	-	-	(33,209)	(33,209)
At 31 March 2014	-	24,690	147,604	172,294
Depreciation charge for the year	-	1,013	16,505	17,518
Disposal	-	-	-	-
At 31 March 2015	-	25,703	164,109	189,812
Net book value:				
At 31 March 2015	3,388	24,927	48,857	77,172
At 31 March 2014	-	25,940	65,362	91,302
At 31 March 2013	-	26,958	35,122	62,080

6. INTANGIBLE ASSETS

	2015 TOP	2014 TOP
Cost		
Opening balance	36,043	36,043
Closing balance	36,043	36,043
Amortisation and impairment:		
Opening balance	19,731	13,792
Amortisation	5,906	5,939
Closing balance	25,637	19,731
Net book value:	10,406	16,312

Notes to and forming part of the Financial Statements For the year ended 31 March, 2015

		2015 TOP	2014 TOP
7.	**LOAN RECEIVABLE FROM RELATED COMPANY**		
	Asian Paints (International) Limited	1,224,053	1,101,761
		1,224,053	1,101,761

Loans due from related parties are payable on demand and denominated in United States dollars.

		2015 TOP	2014 TOP
8.	**AVAILABLE FOR-SALE INVESTMENTS**		
	Unquoted shares in related entity (at fair value):		
	Asian Paints (International) Ltd	284,309	255,818

Shares in Asian Paints (International) Ltd are preference shares denominated in United States dollars and adjustments have been made for any changes in the realisable value of these shares.

		2015 TOP	2014 TOP
9.	**INVENTORIES**		
	Raw materials	4,568	3,451
	Packaging material	3,187	3,511
	Finished goods	367,415	305,921
	Total inventories at the lower of cost and NRV	375,170	312,883
10.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables (net)	753,415	474,875

Trade receivables are non interest bearing and are generally on 30-90 day terms. As at 31 March 2015, TOP 89,252 (2014: TOP 61,114) trade receivables were impaired for the company and were fully provided for. A provision for doubtful debts has already been accounted for in the balances above.

Movements in the provision for impairment of receivables were as follows:

	TOP	TOP
Opening balance	61,114	13,513
Charge for the year	28,138	47,601
Utilised	-	-
Closing balance	89,252	61,114

At 31 March, the ageing analysis of trade receivables is as follows:

		Neither past due	Past due but not impaired			
	Total	nor impaired	< 30 days	30 - 60 days	60 - 90 days	> 90 days
March 2015	753,415	144,637	95,669	108,928	209,905	194,276
March 2014	474,875	261,693	115,532	15,488	27,476	54,686

		2015 TOP	2014 TOP
11.	**OTHER ASSETS**		
	Prepayments	-	1,208
	Consumption tax refundable	-	5,359
	Deposits	1,679	1,744
	Other receivables	24,320	200
		25,999	8,511

Notes to and forming part of the Financial Statements For the year ended 31 March, 2015

		2015 TOP	2014 TOP
12. CASH AND SHORT TERM DEPOSITS			
Cash and Cash Equivalents			
For the purpose of the statement of cash flows, cash comprises of cash at bank and on hand. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:			
Cash at banks		52,110	138,858
Cash on hand		260	222
		52,370	139,080
13. SHARE CAPITAL AND RESERVES			
Authorised			
500,000 Ordinary shares of TOP1 each		500,000	500,000
Ordinary shares issued and fully paid			
120,000 Ordinary shares of TOP1 each		120,000	120,000
14. TRADE AND OTHER PAYABLES			
Trade payables		3,154	2,107
Owing to related parties	18(c)	478,652	339,140
Consumption tax payable		14,412	-
Accruals and liabilities		53,468	65,125
		549,686	406,372

Terms and conditions of the above financial liabilities are:

- Trade payables and accruals are on commercial terms and conditions and are payable within 60 - 90 days.

	2015 TOP	2014 TOP
15. PROVISIONS		
Provision for dividend		
Opening balance	120,000	60,000
Arising during the year	60,000	120,000
Paid during the year	(180,000)	(60,000)
Balance at the end of the year	-	120,000
16. EMPLOYEE BENEFIT LIABILITY		
Opening balance	2,725	2,333
Arising during the year	4,649	1,527
Utilised	(500)	(1,135)
Balance at the end of the year	6,874	2,725
17. EARNINGS PER SHARE		
The following reflect the income and share data used in the basic and diluted earnings per share computations:		
Net profit attributable to ordinary equity holders for basic and diluted earnings	395,577	193,931
Number of equity shares outstanding	120,000	120,000
Basic earnings per share	3.30	1.62

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these Financial Statements.

Notes to and forming part of the Financial Statements For the year ended 31 March, 2015

		2015 TOP	2014 TOP
18.	**RELATED PARTY DISCLOSURES**		
a)	Controlling Entities		
	Asian Paints (Tonga) Limited is a subsidiary of Asian Paints (International) Limited. The ultimate holding company is Asian Paints Limited.		
b)	Transactions with related parties		
	During the year the company entered into transactions with related parties in the ordinary course of business under normal commercial terms. Significant transactions during the year are as follows:		
	Inter group purchases		
	Asian Paints (South Pacific) Limited , Fiji	1,534,835	1,641,754
	Royalties		
	Asian Paints Limited	55,217	50,588
	Regional expenses		
	Asian Paints (South Pacific) Limited, Fiji	25,434	25,073
c)	Amount owing to related parties (trade)		
	Asian Paints Limited	2,712	2,826
	Asian Paints (South Pacific) Limited, Fiji	475,940	336,314
		478,652	339,140
d)	Compensation of key management personnel		
	Short-term employee benefits	63,138	62,070
e)	Directors at the date of this report are:		
	Directors at the date of this report are:		
	Mr. Joseph Pulikottil and Mr. Tom Thomas		
19.	**CONTINGENT LIABILITIES**	-	-
20.	**EXPENDITURE COMMITMENTS**		
	a) Capital commitments	-	-
	b) Finance lease commitments	-	-
	c) Operating lease commitments		
	Future commitments in respect of operating lease are as follows:		
	Within one year	13,884	13,884
	After one year but not more than five years	55,536	55,536
	More than five years	52,065	65,949
	Minimum lease payments	121,485	135,369

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Principal financial liabilities comprise trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Company's financial statements are market risk, credit risk, and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Foreign Currency

The Company has foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Normal currency trading activities foreign exchange risk are not hedged or subject to foreign currency forward exchange contracts.

Notes to and forming part of the Financial Statements For the year ended 31 March, 2015

The following table demonstrates the sensitivity to a reasonably possible change in the USD, with all other variables held constant, of the Company's profit before tax.

	Increase/decrease in USD rate	Effect on profit before tax
March 2015	+10%	(182,417)
	-10%	222,954
March 2014	+10%	(149,030)
	-10%	182,148

Credit risk

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. There is no significant concentrations of credit risk within the company.

Liquidity risk

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (example accounts receivables, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2015 based on contractual undiscounted payments.

Year ended 31 March 2015	On demand TOP	1 to 12 months TOP	1 to 5 years TOP	> 5 years TOP	Total TOP
Trade and other payables	-	549,686	-	-	549,686
	-	549,686	-	-	549,686

Year ended 31 March 2014	On demand TOP	1 to 12 months TOP	1 to 5 years TOP	> 5 years TOP	Total TOP
Trade and other payables	-	406,372	-	-	406,372
	-	406,372	-	-	406,372

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio 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. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, polices or processes during the year 31 March 2014 and 31 March 2015.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, trade and other payables less cash and cash equivalents. Capital includes equity attributable to equity holders.

	2015 TOP	2014 TOP
Trade and other payables	549,686	406,372
Less cash and short term deposits	(52,370)	(139,080)
Net debt	497,316	267,292
Equity	2,165,493	1,829,916
Total capital	2,165,493	1,829,916
Capital and net debt	2,662,809	2,097,208
Gearing ratio	19%	13%

22. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the company's financial instrument that are carried on the financial statements:

	Carrying amount		Fair value	
	2015 TOP	2014 TOP	2015 TOP	2014 TOP
Financial assets				
Cash and short-term deposits	52,370	139,080	52,370	139,080
Loan receivables	1,224,053	1,101,761	1,224,053	1,101,761
Trade and other receivables	779,414	483,386	779,414	483,386
Available-for-sale investments	284,309	255,818	284,309	255,818
Financial liabilities				
Trade and other payables	549,686	406,372	549,686	406,372

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets have been calculated using market interest rates.

23. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

24. PRINCIPAL ACTIVITIES

The principal activities of the company in the course of the year were sales and distribution of paints and paint related products and there has been no significant change in these activities during the year.

25. COMPANY DETAILS

Registered Office:
The registered office of the company is located at:
Small Industries Centre
NUKU'ALOFA
Kingdom of Tonga
Principal Place of Business:
Small Industries Centre, NUKU'ALOFA, Kingdom of Tonga
Number of Employees:
As at balance date, the company employed a total of 4 employees (2014: 4 employees).

26. SEGMENT INFORMATION

Industry segment
The company operates predominantly in manufacture and sale of paints and related products.
Geographical Segment
The company operates in Tonga and is therefore one geographical area for reporting purposes.