

Directors' Statement and  
Audited Financial Statements

**GLOBAL FOODS PTE. LTD.**  
(Company Registration No.: 201630095H)

31 MARCH 2019



**GENERAL INFORMATION**

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**DIRECTOR**

Shanker Iyer

**SECRETARY**

Cheng Lian Siang

**REGISTERED OFFICE**

9 Raffles Place  
#27-00 Republic Plaza  
Singapore 048619

**AUDITORS**

**TKNP International**  
Public Accountants and  
Chartered Accountants  
Singapore

**PRINCIPAL BANKER**

DBS Bank Ltd

**INDEX**

	<b><u>PAGE</u></b>
<b>Director's statement</b>	<b>1 – 2</b>
<b>Independent auditors' report</b>	<b>3 – 5</b>
<b>Statement of financial position</b>	<b>6</b>
<b>Statement of profit or loss and other comprehensive income</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Statement of cash flows</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10 – 29</b>

**DIRECTOR'S STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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The director is pleased to present their statement to the members together with the audited financial statements of Global Foods Pte. Ltd. (the "Company") for the financial year ended 31 March 2019.

**1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**2. DIRECTOR**

Shanker Iyer is the sole director of the Company in office at the date of this statement.

**3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

**4. DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES**

According to the register of director's shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations.

**5. SHARE OPTIONS**

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

**GLOBAL FOODS PTE. LTD.**  
**(Company Registration No.: 201630095H)**

**DIRECTOR'S STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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**6. AUDITORS**

The auditors, **TKNP International**, Public Accountants and Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment as auditors.

The Sole Director,



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**Shanker Iyer**  
Sole Director

Date: **13 SEP 2019**

**INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL FOODS PTE. LTD.**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Global Foods Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

*Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other information*

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL FOODS PTE. LTD.  
(CONT'D)**

*Responsibilities of Management and Directors for the Financial Statements (Cont'd)*

The directors' responsibilities include overseeing the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GLOBAL FOODS PTE. LTD.  
(Company Registration No.: 201630095H)

INDEPENDENT AUDITORS' REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL FOODS PTE. LTD.  
(CONT'D)

*Report on Other Legal and Regulatory Requirements*

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ong Lien Wan.



TKNP International  
Public Accountants and  
Chartered Accountants  
Singapore



Date: 13 SEP 2019

**GLOBAL FOODS PTE. LTD.**  
**(Company Registration No.: 201630095H)**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Investment in subsidiary	4	4,765,000	2,665,000
<b>Current assets</b>			
Loan to subsidiary	5	63,853	103,372
Cash and cash equivalents	6	61,207	17,231
		<u>125,060</u>	<u>120,603</u>
<b>Total assets</b>		<u>4,890,060</u>	<u>2,785,603</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Other payables	7	19,470	6,911
<b>Equity</b>			
Share capital	9	5,065,000	2,965,000
Accumulated losses		(194,410)	(186,308)
		<u>4,870,590</u>	<u>2,778,692</u>
<b>Total liabilities and equity</b>		<u>4,890,060</u>	<u>2,785,603</u>

*See accompanying notes to these financial statements*



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>01.04.2018 to</u> <u>31.03.2019</u> S\$	<u>02.11.2016 to</u> <u>31.03.2018</u> S\$
Revenue income	10	75,000	-
<b>Other Income</b>			
Interest income		2,481	3,372
Total Income		77,481	3,372
<b>Expenses</b>			
Administrative expenses	12	(85,583)	(130,014)
Finance costs	13	-	(59,666)
		(85,583)	(189,680)
<b>Loss before tax</b>		(8,102)	(186,308)
Income tax expense	14	-	-
<b>Loss for the year/ period, representing total comprehensive loss for the year/ period</b>		<u>(8,102)</u>	<u>(186,308)</u>

See accompanying notes to these financial statements

**GLOBAL FOODS PTE. LTD.**  
**(Company Registration No.: 201630095H)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	<b>Note</b>	<b>Share capital S\$</b>	<b>Accumulated losses S\$</b>	<b>Total S\$</b>
<b>At 2 November 2016 (Date of incorporation)</b>	9	1	-	1
Issuance of ordinary shares	9	2,964,999	-	2,964,999
Loss for the period, representing total comprehensive loss for the period		-	(186,308)	(186,308)
<b>At 31 March 2018</b>		<b>2,965,000</b>	<b>(186,308)</b>	<b>2,778,692</b>
<b>At 1 April 2018</b>		2,965,000	(186,308)	2,778,692
Issuance of ordinary shares	9	2,100,000	-	2,100,000
Loss for the year, representing total comprehensive loss for the year		-	(8,102)	(8,102)
<b>At 31 March 2019</b>		<b>5,065,000</b>	<b>(194,410)</b>	<b>4,870,590</b>

*See accompanying notes to these financial statements*

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>
<b>Cash flows from operating activities</b>			
Loss before tax		(8,102)	(186,308)
<b>Adjustments for:</b>			
Interest expense	13	-	59,666
Interest income		(2,481)	(3,372)
<b>Operating loss before changes in working capital</b>		<u>(10,583)</u>	<u>(130,014)</u>
Changes in working capital:			
Increase in other payables		12,559	6,911
<b>Cash generated from/(used in) operation</b>		<u>1,976</u>	<u>(123,103)</u>
Interest paid	13	-	(59,666)
<b>Net cash generated from/(used in) operating activities</b>		<u>1,976</u>	<u>(182,769)</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary		(2,100,000)	(2,665,000)
Repayment from/(loan to) subsidiary		42,000	(100,000)
<b>Net cash used in investing activities</b>		<u>(2,058,000)</u>	<u>(2,765,000)</u>
<b>Cash flows from financing activities</b>			
Conversion of debenture of 16,000 to 1,600,000 ordinary shares	8	-	1,600,000
Issuance of ordinary shares	9	2,100,000	1,364,999
<b>Net cash generated from financing activities</b>		<u>2,100,000</u>	<u>2,964,999</u>
<b>Net increase in cash and cash equivalents</b>		43,976	17,230
<b>Cash and cash equivalents at date of incorporation</b>			
Subscriber shares	9	-	1
<b>Cash and cash equivalents at beginning of year/ date of incorporation</b>		17,231	-
<b>Cash and cash equivalents at end of year/ period</b>	6	<u>61,207</u>	<u>17,231</u>

*See accompanying notes to these financial statements*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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These notes form an integral part and should be read in conjunction with the accompanying financial statements.

**1. CORPORATE INFORMATION**

Global Foods Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore with its registered office at 9 Raffles Place, #27-00 Republic Plaza, Singapore 048619.

The principal activities of the Company are those of investment holding company. There have been no significant changes in the nature of these activities during the financial year.

The Company's ultimate holding company is Dhunseri Ventures Limited, which is incorporated in India.

The principal activities of the subsidiary are set up in Note 4.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1) BASIS OF PREPARATION**

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("S\$"), which is also the Company's functional currency.

**2.2) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

The accounting policies adopted are consistent with those of the previous financial year except that in current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2018. Except for the adoption of FRS 109 Financial Instruments and FRS 115 Revenue from Contracts with Customers described below, the adoption of these standards did not have any material effect on the financial performance or financial position of the Company.

**FRS 109 Financial Instruments**

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Company applied FRS 109 retrospectively, with an initial application date of 1 January 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39. The impact arising from FRS 109 adoption was included in the opening retained earnings and other components of equity at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONT'D)

The nature of the adjustments are described below:

**Classification and measurement**

Under FRS 109, debts instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debts instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Company. The following are the changes in the classification and measurement of the Company's financial assets:

Loan to subsidiary classified as loans and receivables as at 31 March 2019 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 April 2018.

The Company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon the adoption of FRS 109, the Company had the following required or elected reclassification as at 1 April 2018:

FRS 39 measurement category	S\$	FRS 109 measurement category		
		FVPL	FVOCI	Amortised cost
		S\$	S\$	S\$
<u>Loans and receivables</u>				
Loan to subsidiary	63,853	-	-	63,853

**Impairment**

The adoption of FRS 109 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debts instruments not held at FVPL.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and related interpretation and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONT'D)

FRS 115 Revenue from Contracts with Customers (Cont'd)

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

2.3) BASIS OF CONSOLIDATION

Consolidation financial statements of the Company and its subsidiary have not been prepared as the Company is exempted from preparing consolidated financial statements as:

- (i) It is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity, and its other owners do not object to the parent not presenting consolidated financial statements,
- (ii) Its debt or equity instruments are not traded in a stock exchange,
- (iii) It did not file, not as in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing any debt and equity instruments, and
- (iv) Its ultimate holding company, Dhunseri Ventures Limited, which is incorporated in India, produces consolidated financial statements available for public use.

2.4) FINANCIAL INSTRUMENTS

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

**Financial assets**

*Initial recognition and measurement*

Financial assets are recognised when, and only when the entity becomes a party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4) FINANCIAL INSTRUMENTS (CONT'D)

*Subsequent measurement*

*Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

*Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4) FINANCIAL INSTRUMENTS (CONT'D)

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

**Financial assets**

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVPL, directly attributable transaction costs.

*Subsequent measurement*

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise loan to subsidiary, and cash and cash equivalents.

Cash and cash equivalents comprise cash at bank.

*De-recognition*

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at FVPL, directly attributable transaction costs.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4) FINANCIAL INSTRUMENTS (CONT'D)

**Financial liabilities (Cont'd)**

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise other payables.

*De-recognition*

A financial liability is de-recognised 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 de-recognition 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.

2.5) IMPAIRMENT OF FINANCIAL ASSETS

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

**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 financial asset 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 discounted at the financial asset's original effective interest rate. If a loan has a 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. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.6) INVESTMENT IN SUBSIDIARY

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiary is stated at cost less accumulated impairment losses, if any, in the Company's statement of financial position. On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks which are subject to an insignificant risk of changes in value.

2.8) INCOME TAX

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. 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 taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year 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 the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the 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 end of each reporting year and based on the tax consequence which will follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9) SHARE CAPITAL

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.10) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. 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 a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting year are recognised in profit or loss.

2.11) REVENUE RECOGNITION

These accounting policies are applied on and after the initial application date of FRS 115, 1 January 2018:

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

***Rendering of services***

The Company receives consultancy fees from its clients. The fees are measured based on terms agreed between the Company and its clients before the transactions are executed. Revenue from rendering of services is recognised at the time when such services have been performed and rendered.

These accounting policies are applied before the initial application date of FRS 115, 1 January 2018:

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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

***Rendering of services***

Revenue from rendering of services is recognised when the services have been performed and rendered.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12) RELATED PARTIES

A related party is a person or entity that is related to the Company and includes:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) has control or joint control over the reporting Company;
  - (ii) has significant influence over the reporting Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or any related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

2.13) 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 an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal 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 cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.13) IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)**

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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

**2.14) EMPLOYEE BENEFITS**

**(a) Defined contribution plans**

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the year in which the related services is performed.

**(b) Short-term employee benefits**

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

**3.1) JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES**

The management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**3.2) KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2) KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Impairment of investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment losses in the Company's statement of financial position. The Company follows the guidance of FRS 36 Impairment of Assets to determine whether the investments in subsidiaries are impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the market and economic performance of these entities, the duration and extent to which the costs of investments in the entities exceed their net tangible assets and fair value of investments less cost to sell. The carrying amount of the Company's investment in subsidiaries as at the end of the reporting year is disclosed in Note 4 to the financial statements.

Provision for expected credit losses of loan to subsidiary

The Company uses a provision matrix to calculate ECLs for loan to subsidiary. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 16 to the financial statements.

The carrying amount of the Company's loan to subsidiary as at 31 March 2019 was S\$63,853 (1 April 2018: S\$103,372, 31 March 2018: S\$103,372).

4. INVESTMENT IN SUBSIDIARY

	<u>2019</u> S\$	<u>2018</u> S\$
<u>Unquoted shares, at cost</u>		
Beginning of financial year	2,665,000	-
Additions during the financial year	2,100,000	2,665,000
End of financial year	<u>4,765,000</u>	<u>2,665,000</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. INVESTMENT IN SUBSIDIARY (CONT'D)

Name and country of incorporation	Principal activities	Proportion of ownership interest and voting power held	
		<u>2019</u> %	<u>2018</u> %
* Twelve Cupcakes Pte. Ltd. (Incorporated in Singapore)	Manufacturing and retailing of bread, cakes and confectionery	100	100

\* Audited by Natarajan & Swaminathan.

Investment in subsidiary is accounted for at cost less any accumulated impairment losses and is denominated in Singapore dollar.

5. LOAN TO SUBSIDIARY

	<u>2019</u> S\$	<u>2018</u> S\$
<u>Unsecured debt:</u>		
At the beginning of the financial year	103,372	-
Additions during the financial year	-	100,000
Repayment during the financial year	(42,000)	-
Interest income	2,481	3,372
At the end of the financial year	<u>63,853</u>	<u>103,372</u>

Unsecured debt is classified as loan to subsidiary bearing interest at rate of 1.75% plus SIBOR (2018: 1.75% plus SIBOR) and is repayable on demand.

Loan to subsidiary is denominated in Singapore dollar.

6. CASH AND CASH EQUIVALENTS

	<u>2019</u> S\$	<u>2018</u> S\$
Cash at bank	<u>61,207</u>	<u>17,231</u>

Cash and cash equivalents are denominated in Singapore dollar.

7. OTHER PAYABLES

	<u>2019</u> S\$	<u>2018</u> S\$
Accruals	<u>19,470</u>	<u>6,911</u>

Other payables are denominated in Singapore dollar.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

8. OPTIONAL CONVERTIBLE DEBENTURES

	<u>2019</u> S\$	<u>2018</u> S\$
At the beginning of the financial period	-	-
Additions during the financial period	-	1,600,000
Converted during the financial period	-	(1,600,000)
At the end of the financial period	<u>-</u>	<u>-</u>

In 2018, a debenture amounting to S\$1,600,000 was converted into 1,600,000 ordinary shares.

9. SHARE CAPITAL

	<u>2019</u>		<u>2018</u>	
	<u>No. of shares</u>	S\$	<u>No. of shares</u>	S\$
<u>Issued and fully paid</u>				
At the beginning of the year/ date of incorporation	2,965,000	2,965,000	1	1
Issuance of ordinary shares	2,100,000	2,100,000	2,964,999	2,964,999
At the end of the year/ period	5,065,000	5,065,000	2,965,000	2,965,000

During the financial year, the Company issued 2,100,000 new ordinary shares for a total cash consideration of S\$2,100,000 and the proceeds were used as investment in subsidiary.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

10. REVENUE INCOME

	<u>01.04.2018 to</u> <u>31.03.2019</u> S\$	<u>02.11.2016 to</u> <u>31.03.2018</u> S\$
Consultancy fee	<u>75,000</u>	<u>-</u>

11. EMPLOYEE BENEFITS EXPENSE

	<u>01.04.2018 to</u> <u>31.03.2019</u> S\$	<u>02.11.2016 to</u> <u>31.03.2018</u> S\$
Salary and wages	44,061	-
CPF contributions	6,849	-
	<u>50,910</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

12. ADMINISTRATIVE EXPENSES

	<u>01.04.2018 to</u> <u>31.03.2019</u> S\$	<u>02.11.2016 to</u> <u>31.03.2018</u> S\$
Bank charges	805	1,062
Employee benefits expense (Note 11)	50,910	-
Incorporation expenses	-	5,000
Professional fees	33,868	123,952
	<u>85,583</u>	<u>130,014</u>

13. FINANCE COSTS

	<u>01.04.2018 to</u> <u>31.03.2019</u> S\$	<u>02.11.2016 to</u> <u>31.03.2018</u> S\$
Interest expense on debenture	-	50,339
Withholding tax on interest expense	-	9,327
	<u>-</u>	<u>59,666</u>

14. INCOME TAX EXPENSE

There is no current income tax expenses as the Company is in a loss making position.

**Relationship between tax expense and accounting loss**

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 were as follows:

	<u>01.04.2018 to</u> <u>31.03.2019</u> S\$	<u>02.11.2016 to</u> <u>31.03.2018</u> S\$
Loss before tax	<u>(8,102)</u>	<u>(186,308)</u>
Income tax charged at the statutory tax rate of 17% (2018: 17%)	(1,377)	(31,672)
Tax effect of:		
- Non-taxable income	(422)	(236)
- Deferred tax assets not recognised	<u>1,799</u>	<u>31,908</u>
	<u>-</u>	<u>-</u>

**Unrecognised tax losses**

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of S\$8,102 (2018: S\$186,308) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

15. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	<u>01.04.2018 to</u> <u>31.03.2019</u>	<u>02.11.2016 to</u> <u>31.03.2018</u>
	S\$	S\$
Loan to subsidiary	-	350,000
Repayment of loan from subsidiary	42,000	-
Interest charge to subsidiary	<u>2,481</u>	<u>3,372</u>

16. FINANCIAL RISK MANAGEMENT

**Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from its loan to subsidiary.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date the interest rate profile of the Company's interest-bearing financial instrument was:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

16. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

	Variable rates	
	Not later than 1 year S\$	Later than 1 year but not later than 5 years S\$
<b>2019</b>		
Loan to subsidiary	63,853	-
<b>2018</b>		
Loan to subsidiary	103,372	-

The sensitivity analysis to interest rate risk is not disclosed for those financial instruments classified under variable rates as the effect to profit or loss is not expected to be significant in current financial year ended 31 March 2019 and 2018.

**Liquidity risk**

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
<b>2019</b>				
<b>Financial assets</b>				
Loan to subsidiary	63,853	65,850	65,850	-
Cash and cash equivalents	61,207	61,207	61,207	-
Total undiscounted financial assets	125,060	127,057	127,057	-
<b>Financial liabilities</b>				
Other payables	19,470	19,470	19,470	-
Total undiscounted financial liabilities	19,470	19,470	19,470	-
Total net undiscounted financial assets	105,590	107,587	107,587	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

16. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
<b>2018</b>				
<b>Financial assets</b>				
Loan to subsidiary	103,372	106,605	106,605	-
Cash and cash equivalents	17,231	17,231	17,231	-
Total undiscounted financial assets	120,603	123,836	123,836	-
<b>Financial liabilities</b>				
Other payables	6,911	6,911	6,911	-
Total undiscounted financial liabilities	6,911	6,911	6,911	-
Total net undiscounted financial assets	113,692	116,925	116,925	-

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade receivables. For other financial assets, including cash, the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial position and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting year.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days.

To minimise credit risk, the Company has developed and maintained the Company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

16. FINANCIAL RISK MANAGEMENT (CONT'D)

**Credit risk (cont'd)**

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
II	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
III	Amount is > 60 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery	Amount is written off

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk rating categories:

	Note	Category	12-month or lifetime ECL
Loan to subsidiary	5	I	12-month ECL

Exposure to credit risk

The Company has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

**Loan to subsidiary**

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

*Cash and cash equivalents, and other payables*

The carrying amounts of these balances approximate their fair values due to short-term nature of these balances.

*Loan to subsidiary*

The carrying amount of loan to subsidiary approximate its fair values as it is subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

18. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	<u>2019</u> S\$	<u>2018</u> S\$
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	61,207	17,231
Loan to subsidiary	63,853	103,372
	<u>125,060</u>	<u>120,603</u>
<b>Financial liabilities measured at amortised cost</b>		
Other payables	<u>19,470</u>	<u>6,911</u>

19. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

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. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2019 and 31 March 2018.

20. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

Certain new accounting standards, amendments and interpretations to existing standards have been issued but not yet effective for accounting periods beginning after 1 April 2019 which the Company has not been applied in preparing these financial statements. Except for *FRS 116 Leases*, the directors expect that the adoption of other standards will have no material impact on the financial statements in the year of initial application.

The Company has not adopted the following standards that have been issued but not yet effective:

	<i>Effective for annual periods beginning on or after</i>
FRS 116 Leases	1 Jan 2019

21. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of director of the Company as at the date of the Director's Statement.

***THE FOLLOWING SCHEDULES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS***



DETAIL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<u>01.04.2018 to</u> <u>31.03.2019</u> S\$	<u>02.11.2016 to</u> <u>31.03.2018</u> S\$
Revenue income	75,000	-
<b>Other income</b>		
Interest income	<u>2,481</u>	<u>3,372</u>
Total income	77,481	3,372
<b>Administrative expenses</b>		
Bank charges	805	1,062
CPF contributions	6,849	-
Incorporation expenses	-	5,000
Professional fees	33,868	123,952
Salary and wages	<u>44,061</u>	<u>-</u>
	<u>(85,583)</u>	<u>(130,014)</u>
<b>Finance costs</b>		
Interest expense on debenture	-	50,339
Withholding tax on interest expense	-	9,327
	<u>-</u>	<u>(59,666)</u>
<b>Loss before tax</b>	<u>(8,102)</u>	<u>(186,308)</u>

This statement is for management information only and does not form part of the financial statements of the Company.