

TWELVE CUPCAKES PTE. LTD.

(Registration No: 201110956E)

Statement by Directors and Financial Statements

Year Ended 31 March 2018

RSM Chio Lim LLP

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TWELVE CUPCAKES PTE. LTD.

Statement by Directors and Financial Statements

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TWELVE CUPCAKES PTE. LTD.

Statement by Directors

The directors of the company are pleased to present the financial statements of the company for the reporting year ended 31 March 2018.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the reporting year covered by the financial statements; and
- (b) 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.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Bharati Dhanuka
Mrigank Dhanuka
Mayank Beriwal
Ramasay Jayapal (Appointed on 1 September 2017)

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

<u>Name of director and company in which interests are held</u>	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
Ultimate parent company	<u>Number of shares of no par value</u>	
<u>Dhuseri Petrochem Limited</u>		
Mrigank Dhanuka	675,000	675,000
<u>The company</u>	<u>Value of debentures</u>	
Mrigank Dhanuka	–	\$310,000

By virtue of section 7 of the Companies Act, Chapter 50, Mrigank Dhanuka is deemed to have an interest in the company and in all the related corporations of the company.

TWELVE CUPCAKES PTE. LTD.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company was granted.


During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

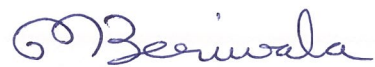
6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors


.....
Mrigank Dhanuka
Director

16 MAY 2018


.....
Mayank Beriwal
Director

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**Independent Auditor's Report to the Member of
TWELVE CUPCAKES PTE. LTD.****Report on the audit of the financial statements****Qualified opinion**

We have audited the accompanying financial statements of Twelve Cupcakes Pte. Ltd., which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and the 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 2018 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for qualified opinion**1. Fair value of financial instruments**

As disclosed in Note 17 to the financial statements, the other financial liabilities were not measured at fair value but at cost. This is not in accordance with the FRS 39 which requires all financial assets and financial liabilities to be recognised at its fair value (other than those permitted to be recognised at cost).

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 qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 3D in the financial statements. As at the end of the reporting year, the company's current liabilities exceeded its current assets by \$1,338,280. The company's continuation as a going concern is dependent upon its immediate and ultimate parent company for continued financial support; and the immediate parent company and director not demanding payment of the amounts payable. At the date of this report, the management is satisfied that the financial support will be available when required for at least a year from the end of the reporting year. Our opinion is not further modified in respect of this matter.

Independent Auditor's Report to the Member of TWELVE CUPCAKES PTE. LTD.

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Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

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.

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 of 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:

- a) 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.

**Independent Auditor's Report to the Member of
TWELVE CUPCAKES PTE. LTD.**

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Auditor's responsibilities for the audit of the financial statements (cont'd)

- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- e) 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.

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 auditor's report is Eu Chee Wei David.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

16 May 2018

TWELVE CUPCAKES PTE. LTD.

**Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 March 2018**

	<u>Notes</u>	<u>2018</u> S\$	<u>2017</u> S\$
Revenue	4	6,267,266	5,183,251
Raw materials and consumables used		(1,479,351)	(1,152,462)
Other credits	5	66,111	91,132
Employee benefits expenses	6	(2,603,577)	(2,198,205)
Depreciation and amortisation expense		(376,696)	(204,302)
Other expenses	7	(2,839,958)	(2,143,391)
Other charges	5	–	(4,156)
Finance costs	8	(19,882)	(1,794)
Loss before tax from continuing operations		<u>(986,087)</u>	<u>(429,927)</u>
Income tax income	9	–	26,102
Loss from continuing operations, net of tax and total comprehensive loss		<u>(986,087)</u>	<u>(403,825)</u>

The accompanying notes form an integral part of these financial statements.

TWELVE CUPCAKES PTE. LTD.

**Statement of Financial Position
As at 31 March 2018**

	<u>Notes</u>	<u>2018</u> S\$	<u>2017</u> S\$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	10	1,150,707	368,395
Other assets	13	942,396	666,748
Total non-current assets		<u>2,093,103</u>	<u>1,035,143</u>
<u>Current assets</u>			
Inventories	11	52,196	–
Trade and other receivables	12	100,287	13,881
Other assets	13	24,311	12,700
Cash and cash equivalents	14	492,097	332,108
Total current assets		<u>668,891</u>	<u>358,689</u>
Total assets		<u>2,761,994</u>	<u>1,393,832</u>
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital	15	1,515,000	1,350,000
Retained earnings		(1,387,177)	(401,090)
Total equity		<u>127,823</u>	<u>948,910</u>
<u>Non-current liabilities</u>			
Provision	16	306,000	149,500
Deferred tax liabilities		11,000	11,000
Other financial liabilities	17	310,000	11,977
Total non-current liabilities		<u>627,000</u>	<u>172,477</u>
<u>Current liabilities</u>			
Income tax payable		4,593	6,975
Trade and other payables	18	690,601	253,464
Other financial liabilities	17	1,311,977	12,006
Total current liabilities		<u>2,007,171</u>	<u>272,445</u>
Total liabilities		<u>2,634,171</u>	<u>444,922</u>
Total equity and liabilities		<u>2,761,994</u>	<u>1,393,832</u>

The accompanying notes form an integral part of these financial statements.

TWELVE CUPCAKES PTE. LTD.

**Statement of Changes in Equity
Year Ended 31 March 2018**

	<u>Total Equity</u> S\$	<u>Share Capital</u> S\$	<u>Retained Earnings</u> S\$
Current year:			
Opening balance at 1 April 2017	948,910	1,350,000	(401,090)
Movements in equity:			
Issuance of shares (Note 15)	165,000	165,000	–
Total comprehensive loss for the year	(986,087)	–	(986,087)
Closing balance at 31 March 2018	<u>127,823</u>	<u>1,515,000</u>	<u>(1,387,177)</u>
 Previous year:			
Opening balance at 1 April 2016	1,352,735	1,350,000	2,735
Movements in equity:			
Total comprehensive loss for the year	(403,825)	–	(403,825)
Closing balance at 31 March 2017	<u>948,910</u>	<u>1,350,000</u>	<u>(401,090)</u>

The accompanying notes form an integral part of these financial statements.

TWELVE CUPCAKES PTE. LTD.

Statement of Cash Flows
Year Ended 31 March 2018

	<u>2018</u> S\$	<u>2017</u> S\$
<u>Cash flows from operating activities</u>		
Loss before tax	(986,087)	(429,927)
Adjustments for:		
Interest expense	19,882	1,794
Loss on disposal of associate	–	24
Plant and equipment written off	–	4,132
Depreciation of plant and equipment	376,696	204,302
Operating cash flows before changes in working capital	(589,509)	(219,675)
Inventories	(52,196)	25,887
Trade and other receivables, current	(86,406)	(9,081)
Other assets	(287,259)	148,765
Trade and other payables	437,137	632
Provision	156,500	(80,000)
Net cash flows from operations	(421,733)	(133,472)
Income taxes (paid)/ refunded	(2,382)	26,102
Net cash flows used in operating activities	(424,115)	(107,370)
<u>Cash flows from investing activities</u>		
Disposal of associate	–	1
Purchase of plant and equipment	(1,159,008)	(78,095)
Net cash flows used in investing activities	(1,159,008)	(78,094)
<u>Cash flows from financing activities</u>		
Issuance of shares (Note 15)	165,000	–
Other financial liabilities	1,610,000	–
Finance lease repayment	(12,006)	(12,006)
Interest paid	(19,882)	(1,794)
Net cash flows from/ (used in) financing activities	1,743,112	(13,800)
Net increase/ (decrease) in cash and cash equivalents	159,989	(199,264)
Cash and cash equivalents, statement of cash flows, beginning balance	332,108	531,372
Cash and cash equivalents, statement of cash flows, ending balance (Note 14A)	492,097	332,108

The accompanying notes form an integral part of these financial statements.

TWELVE CUPCAKES PTE. LTD.

Notes to the Financial Statements 31 March 2018

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those manufacture and retail of bread, cakes and confectionery.

The registered office is: 5 Burn Road, #02-01, Tee Yih Jia Food Building, Singapore 369972. The company is situated in Singapore.

Accounting convention

The financial statements of the company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates. Revenue arising from rendering food and beverages are recognised at the point of sale.

TWELVE CUPCAKES PTE. LTD.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

TWELVE CUPCAKES PTE. LTD.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Plant and equipment

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Motor vehicles	—	33.33%
Restaurant equipment	—	20%
Renovation	—	33.33%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

TWELVE CUPCAKES PTE. LTD.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Inventories

Inventories are measured at the lower of cost (first in first out) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

TWELVE CUPCAKES PTE. LTD.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial assets (continued)

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available for sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

TWELVE CUPCAKES PTE. LTD.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

TWELVE CUPCAKES PTE. LTD.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Fair value measurement (continued)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

TWELVE CUPCAKES PTE. LTD.

2. Significant accounting policies and other explanatory information (continued)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Plant and equipment:

An assessment is made at each end of the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is determined based on the value-in-use calculations. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is disclosed in the note on plant and equipment.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group:

<u>Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>
Dhuseri Petrochem Limited	Ultimate parent company	India
Global Foods Pte Ltd	Immediate parent company	Singapore

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

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3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

	<u>2018</u> S\$	<u>2017</u> S\$
Salaries and other short-term employee benefits	<u>—</u>	<u>62,010</u>

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	<u>2018</u> S\$	<u>2017</u> S\$
Remuneration of directors of the company	<u>—</u>	<u>62,010</u>

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts do not include compensation if any of certain key management personnel and directors of the company who received compensation from related corporations in their capacity as directors and or executives of those related corporations.

The above amount for key management compensation is for all of the directors of the company.

3C. Other receivables from and other payables to related parties:

	<u>Ultimate parent company</u> <u>2018</u> \$	<u>2017</u> \$
<u>Other payables:</u>		
Balance at beginning of the year	—	—
Amounts paid in and settlement of liabilities on behalf of the company	(100,000)	—
Balance at end of the year (Note 18)	<u>(100,000)</u>	<u>—</u>

3D. Financial support:

As at the end of the reporting year, the company's current liabilities exceeded its current assets by \$1,338,280. The company's continuation as a going concern is dependent upon its immediate and ultimate parent company for continued financial support; and the immediate parent company and director not demanding payment of the amounts payable. At the date of this report, the management is satisfied that the financial support will be available when required for at least a year from the end of the reporting year.

4. Revenue

	<u>2018</u> S\$	<u>2017</u> S\$
Sale of goods	<u>6,267,266</u>	<u>5,183,251</u>

TWELVE CUPCAKES PTE. LTD.

5. Other credits and (other charges)

	<u>2018</u> S\$	<u>2017</u> S\$
Reversal for related party other receivables (Note 12)	–	11,266
Government grants	66,111	79,866
Loss on disposal of associate	–	(24)
Plant and equipment written off	–	(4,132)
	<u>66,111</u>	<u>86,976</u>
Presented in the income statement as:		
Other credits	66,111	91,132
Other charges	–	(4,156)
Net	<u>66,111</u>	<u>86,976</u>

6. Employee benefits expense

	<u>2018</u> S\$	<u>2017</u> S\$
Short term employee benefits expense	2,202,187	1,840,251
Contributions to defined contribution plan	289,477	241,510
Other benefits	111,913	116,444
Total employee benefits expense	<u>2,603,577</u>	<u>2,198,205</u>

7. Other expenses

The major components include the following:

	<u>2018</u> S\$	<u>2017</u> S\$
Rental	<u>2,205,462</u>	<u>1,806,059</u>

8. Finance costs

	<u>2018</u> S\$	<u>2017</u> S\$
Interest expense	<u>19,882</u>	<u>1,794</u>

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9. Income tax

9A. Components of tax expense recognised in profit or loss include:

	<u>2018</u> S\$	<u>2017</u> S\$
<u>Current tax income:</u>		
Over adjustments to current tax in respect of prior year	—	(26,102)
Total income tax income	<u>—</u>	<u>(26,102)</u>

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit or loss before income tax as a result of the following differences:

	<u>2018</u> S\$	<u>2017</u> S\$
Loss before tax	<u>(986,087)</u>	<u>(429,927)</u>
Income tax income at the above rate	(167,635)	(73,088)
Expenses not deductible for tax purposes	64,038	41,791
Over adjustments to tax in respect of prior year	—	(26,102)
Unrecognised deferred tax assets	103,597	31,297
Total income tax income	<u>—</u>	<u>(26,102)</u>

There are no income tax consequences of dividends to owners of the company.

10. Plant and equipment

	<u>Motor vehicles</u> S\$	<u>Restaurant equipment</u> S\$	<u>Renovation</u> S\$	<u>Total</u> S\$
<u>Cost:</u>				
At 1 April 2016	86,000	113,392	635,364	834,756
Additions	—	40,895	37,200	78,095
Disposals	—	(6,886)	—	(6,886)
At 31 March 2017	86,000	147,401	672,564	905,965
Additions	—	154,808	1,004,200	1,159,008
Disposals	—	—	(18,500)	(18,500)
At 31 March 2018	86,000	302,209	1,658,264	2,046,473
<u>Accumulated depreciation:</u>				
At 1 April 2016	59,722	18,670	257,630	336,022
Depreciation for the year	26,278	27,301	150,723	204,302
Disposals	—	(2,754)	—	(2,754)
At 31 March 2017	86,000	43,217	408,353	537,570
Depreciation for the year	—	46,477	330,219	376,696
Disposals	—	—	(18,500)	(18,500)
At 31 March 2018	86,000	89,694	720,072	895,766
<u>Net book value:</u>				
At 1 April 2016	26,278	94,722	377,734	498,734
At 31 March 2017	—	104,184	264,211	368,395
At 31 March 2018	—	212,515	938,192	1,150,707

The net carrying amount of asset acquired under finance lease (Note 17) at the reporting date amounted to \$Nil (2017: \$Nil).

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11. Inventories

	<u>2018</u> S\$	<u>2017</u> S\$
Inventories	<u>52,196</u>	<u>–</u>

12. Trade and other receivables

	<u>2018</u> S\$	<u>2017</u> S\$
<u>Trade receivables:</u>		
Outside parties	<u>12,777</u>	<u>5,781</u>
Net trade receivables – subtotal	<u>12,777</u>	<u>5,781</u>
<u>Other receivables:</u>		
Other receivables	<u>87,510</u>	<u>8,100</u>
Net other receivables – subtotal	<u>87,510</u>	<u>8,100</u>
Total trade and other receivables	<u>100,287</u>	<u>13,881</u>
 Movement in above allowance:		
Balance at the beginning of the year	–	14,266
Reversal for other receivables to profit or loss included in other losses (Note 5)	–	(11,266)
Used	<u>–</u>	<u>(3,000)</u>
Balance at the end of the year	<u>–</u>	<u>–</u>

13. Other assets

	<u>2018</u> S\$	<u>2017</u> S\$
<u>Non-current</u>		
Deposits to secure services	<u>942,396</u>	<u>666,748</u>
Subtotal	<u>942,396</u>	<u>666,748</u>
<u>Current</u>		
Prepayments	<u>24,311</u>	<u>12,700</u>
Subtotal	<u>24,311</u>	<u>12,700</u>
Total other assets	<u>966,707</u>	<u>679,448</u>

14. Cash and cash equivalents

	<u>2018</u> S\$	<u>2017</u> S\$
Not restricted in use	<u>492,097</u>	<u>332,108</u>

The interest earning balances are not significant.

14A. Cash and cash equivalents in the statement of cash flows:

	<u>2018</u> S\$	<u>2017</u> S\$
Amount as shown above	<u>492,097</u>	<u>332,108</u>

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15. Share capital

	Number of shares <u>issued</u>	Share capital S\$
Ordinary shares of no par value:		
Balance at 1 April 2016 and 31 March 2017	176,471	1,350,000
Issuance of shares	<u>21,569</u>	<u>165,000</u>
Balance at 31 March 2018	<u>198,040</u>	<u>1,515,000</u>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

During the reporting year, 21,569 ordinary shares of no par value were issued for cash at \$165,000.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	<u>2018</u> \$	<u>2017</u> \$
Net debt:		
All current and non-current borrowings including finance leases	1,621,977	23,983
Less cash and cash equivalents	<u>(492,097)</u>	<u>(332,108)</u>
Net debt	<u>1,129,880</u>	<u>(308,125)</u>
Net capital:		
Equity	<u>127,823</u>	<u>948,910</u>
Debt-to-adjusted capital ratio	<u>883%</u>	<u>N.M</u>

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16. Provision

	<u>2018</u> S\$	<u>2017</u> S\$
Provision for dismantling and removing the item and restoring the site relating to plant and equipment	<u>306,000</u>	<u>149,500</u>
<u>Movements in above provision:</u>		
Balance at beginning of the year	149,500	229,500
Addition during the year	175,000	–
Utilised	<u>(18,500)</u>	<u>(80,000)</u>
Total provision	<u>306,000</u>	<u>149,500</u>

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased properties. The estimate is based on quotations from external contractors. The unexpired terms range from 1 to 3 years.

17. Other financial liabilities

	<u>2018</u> S\$	<u>2017</u> S\$
<u>Non-current:</u>		
<u>Financial instruments with fixed interest rates</u>		
Convertible debenture (unsecured) (Note 17C)	310,000	–
Finance lease (Note 17B)	–	11,977
Non-current	<u>310,000</u>	<u>11,977</u>
<u>Current:</u>		
<u>Financial instruments with fixed interest rates</u>		
Finance lease (Note 17B)	11,977	12,006
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured) (Note 17A)	1,300,000	–
Current	<u>1,311,977</u>	<u>12,006</u>
Total	<u>1,621,977</u>	<u>23,983</u>
<u>The non-current portion is repayable as follows:</u>		
Due within 2 to 5 years	310,000	11,977
Total non-current portion	<u>310,000</u>	<u>11,977</u>

17A. Bank loans (secured)

The range of fixed rates for the year are 3.401% – 3.495% (2017: NIL) per annum.

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

- (1) Repayable on demand; and
- (1) Corporate guarantee from the parent company.

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17. Other financial liabilities (cont'd)

17B. Finance lease

<u>2018</u>	<u>Minimum payments</u> S\$	<u>Finance charges</u> S\$	<u>Present value</u> S\$
Minimum lease payments payable:			
Due within one year	13,770	(1,793)	11,977
Total	<u>13,770</u>	<u>(1,793)</u>	<u>11,977</u>

Net book value of plant and equipment under finance lease —

<u>2017</u>	<u>Minimum payments</u> S\$	<u>Finance charges</u> S\$	<u>Present value</u> S\$
Minimum lease payments payable:			
Due within one year	13,800	(1,794)	12,006
Due within 2 to 5 years	13,770	(1,793)	11,977
Total	<u>27,570</u>	<u>(3,587)</u>	<u>23,983</u>

Net book value of plant and equipment under finance lease —

The fair value of the lease obligations approximates its carrying amount. The effective interest rates on finance lease is 5.63% (2017: 5.63%) per annum.

The obligations under finance lease are secured by the lessor's charge over the leased assets and personal guarantee by a director.

17C. Convertible debenture (unsecured)

On 27th March 2018, the company had issued optional convertible debentures of \$310,000 to Mrigank Dhanuka, director with interest rates of 1.75% plus SIBOR per annum. A directors' resolution passed on the same day approved the issuance of an optional convertible debenture to Mrigank Dhanuka, director. The debenture is redeemable at par value after an expiry of 5 (five) years or earlier at the option of the debenture holder.

As at the reporting year ended 31 March 2018, the convertible debenture was not measured at fair value.

18. Trade and other payables

	<u>2018</u> S\$	<u>2017</u> S\$
<u>Trade payables:</u>		
Outside parties and accrued liabilities	589,734	252,672
Subtotal	<u>589,734</u>	<u>252,672</u>
<u>Other payables:</u>		
Amount due to immediate parent company	100,000	—
Other payables	867	792
Subtotal	<u>100,867</u>	<u>792</u>
Total trade and other payables	<u>690,601</u>	<u>253,464</u>

Amount due to immediate parent company are unsecured, bears interest rate at 3.128% per annum and repayable on demand.

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19. Operating lease payment commitments - as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Not later than one year	1,987,451	1,812,114
Later than one year and not later than five years	<u>1,328,170</u>	<u>1,988,310</u>
Rental expenses for the year	<u>2,205,463</u>	<u>1,806,059</u>

Operating lease payments represent rentals payable for office and outlets premises. The lease rental terms are negotiated for an average term of three years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

20. Financial instruments: information on financial risks

20A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>2018</u> S\$	<u>2017</u> S\$
<u>Financial assets:</u>		
Cash and cash equivalents	492,097	332,108
Trade and other receivables	<u>100,287</u>	<u>13,881</u>
At end of year	<u>592,384</u>	<u>345,989</u>
<u>Financial liabilities:</u>		
Trade and other payables at amortised cost	690,601	253,464
Other financial liabilities	<u>1,621,977</u>	<u>23,983</u>
At end of year	<u>2,312,578</u>	<u>277,447</u>

Further quantitative disclosures are included throughout these financial statements

20B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There is exposure to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. However these are not formally documented in written form. The guidelines include the following: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

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20. Financial instruments: information on financial risks (cont'd)

20C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

20D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 14 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 days (2017: 30 days). But some customers take a longer period to settle the amounts.

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20. Financial instruments: information on financial risks (cont'd)

20E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2017: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

	Less than 1 year S\$	2 – 5 years S\$	Total S\$
Non-derivative financial liabilities: 2018:			
Gross borrowings commitments	1,300,000	310,000	1,610,000
Gross finance lease obligation	13,770	–	13,770
Trade and other payables	690,601	–	690,601
	<u>2,004,371</u>	<u>310,000</u>	<u>2,314,371</u>
	Less than 1 year S\$	2 – 5 years S\$	Total S\$
Non-derivative financial liabilities: 2017:			
Gross finance lease obligation	13,800	13,770	27,570
Trade and other payables	253,464	–	253,464
	<u>267,264</u>	<u>13,770</u>	<u>281,034</u>

21. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition Of Deferred Tax Assets For Unrealised Losses

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22. New or amended standards in issue but not yet effective

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases and Leases – Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019

23. Reclassifications and comparative figures

The reclassifications made to enhance comparability with current year's statement of income only. There are no changes to other components of the financial statements. The reclassifications was made to coincide with that of the ultimate parent company.

These are not regarded as retrospective restatement or reclassification of items in its financial statements as envisaged by FRS 1. Accordingly a statement of financial position as at the beginning of the earliest comparative period is not presented. The material changes in the balances included the following:

	<u>After</u> <u>reclassification</u> \$\$	<u>Before</u> <u>reclassification</u> \$\$	<u>Difference</u> S\$
<u>2017 Statement of profit and loss</u>			
Raw materials and consumables used	1,152,462	–	1,152,462
Cost of sales	–	961,385	(961,385)
Marketing and distribution costs	–	16,467	(16,467)
Administrative expenses	–	4,720,508	(4,720,508)
Employee benefits expenses	2,198,205	–	2,198,205
Depreciation and amortisation expenses	204,302	–	204,302
Other expenses	<u>2,143,391</u>	<u>–</u>	<u>2,143,391</u>

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**The Accompanying Supplementary Statement of Profit or Loss and Other
Comprehensive Income Has Been Prepared for Management Purposes Only
and Does Not Form Part of the Audited Financial Statements**

TWELVE CUPCAKES PTE. LTD.

**Supplementary Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 March 2018**

	<u>2018</u> S\$	<u>2017</u> S\$
Revenue	6,267,266	5,183,251
Raw materials and consumables used	(1,479,351)	(1,152,462)
Other credits	66,111	91,132
Employee benefits expenses	(2,603,577)	(2,198,205)
Depreciation and amortisation expense	(376,696)	(204,302)
Other expenses	(2,839,958)	(2,143,391)
Other charges	-	(4,156)
Finance costs	(19,882)	(1,794)
Loss before tax from continuing operations	<u>(986,087)</u>	<u>(429,927)</u>
Income tax income	-	26,102
Loss from continuing operations, net of tax and total comprehensive loss	<u>(986,087)</u>	<u>(403,825)</u>

Not part of audited financial statements

TWELVE CUPCAKES PTE. LTD.

**Supplementary Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 March 2018**

Revenue	<u>2018</u> S\$	<u>2017</u> S\$
Sales of good	<u>6,267,266</u>	<u>5,183,251</u>
 Raw materials and consumables used	 <u>2018</u> S\$	 <u>2017</u> S\$
Purchases	<u>1,479,351</u>	<u>1,074,579</u>
 Other credits and (other charges)	 <u>2018</u> S\$	 <u>2017</u> S\$
Reversal for related party other receivables	—	11,266
Government grants	66,111	79,866
Loss on disposal of associate	—	(24)
Property, plant and equipment written off	—	(4,132)
	<u>66,111</u>	<u>86,976</u>
Presented in the income statement as:		
Other credits	66,111	91,132
Other charges	—	(4,156)
Net	<u>66,111</u>	<u>86,976</u>
 Other Expense	 <u>2018</u> S\$	 <u>2017</u> S\$
Rent	<u>2,205,462</u>	<u>1,806,059</u>

TWELVE CUPCAKES PTE. LTD.

**Supplementary Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 March 2018**

Other expenses	<u>2018</u> S\$	<u>2017</u> S\$
Administrative Fee	2,720	497
Advertising	48,352	16,467
Auditors' remuneration	12,921	19,856
Bank charges	51,891	38,258
Franchise Expenses	—	20,082
General expense	72,105	(9,643)
Insurance	11,817	9,047
Medical	3,419	2,803
Office/Equipment maintenance	161,369	101,685
Printing and stationery	5,543	4,530
Professional fee	100,369	41,418
Rental	2,205,463	1,806,059
Secretarial fee	1,850	3,451
Staff training	5,664	1,179
Stamp duty	10,264	6,990
Staff welfare and benefits	18,581	10,539
Tax fee	3,500	2,004
Telecommunication	31,366	26,494
Transportation	18,267	4,076
Utilities	74,497	37,599
	<u>2,839,958</u>	<u>2,143,391</u>
 Finance cost	 <u>2018</u> S\$	 <u>2017</u> S\$
Interest expenses	<u>19,882</u>	<u>1,794</u>