

SPARK44 SINGAPORE PTE. LIMITED

Registration No.: 201523182E

(Incorporated in Singapore)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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For the financial year ended 31 March 2019

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DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

The directors present this statement to the members together with the audited financial statements of the Spark44 Singapore Pte. Limited (the "Company") for the financial year 31 March 2019.

Opinion of the directors

In the opinion of the directors,

- (a) 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
- (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.

Directors

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

Avanesh Sharma
Ralf Specht
Sorab Mistry

Arrangement 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 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.

Directors' interest in shares and debentures

According to the director's shareholdings required to be kept under Section 164 of the Companies Act, Cap 50, none of 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.

Share options

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

No shares have been 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.

SPARK44 SINGAPORE PTE. LIMITED

DIRECTORS' STATEMENT

For the financial year ended 31 March 2019

Auditors

PlanPartners PAC, have expressed their willingness to accept re-appointment as auditors.

On behalf of Board of Directors,



Avaneesh Sharma
Director



Ralf Specht
Director

Singapore, 18 JUN 2019

Public Accountants & Chartered Accountants
138 Cecil Street #18-00 Cecil Court Singapore 069538
Email: enquiry@plpartnerspac.com.sg
Tel: +65 6224 1171
Fax: +65 6223 8718

Directors
Dean Tow (Managing)
Lawrence Phong
Patrick Lee

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SPARK44 SINGAPORE PTE. LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spark44 Singapore Pte. Limited (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.

Incorporating the following:

Patrick Lee & Co., practicing since 1973
PS Tay & Co., practicing since 1984
K S Liaw & Co., practicing since 1976
KPHO & Associates, practicing since 1987

PlanPartners PAC is a Public Accounting Corporation established under the Singapore Companies Act, Cap 50 with limited liability. Company & GST Registration No. 201117522Z

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SPARK44 SINGAPORE PTE. LIMITED**
(continued)

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 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 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.

Incorporating the following:

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Public Accountants & Chartered Accountants
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Directors
Dean Tow (Managing)
Lawrence Phong
Patrick Lee

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SPARK44 SINGAPORE PTE. LIMITED**
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.



PlanPartners PAC
*Public Accountants and
Chartered Accountants*

Singapore, 18 JUN 2019

SPARK44 SINGAPORE PTE. LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 \$	2018 \$
ASSETS			
Non-current assets			
Plant and equipment	4	3,760	13,455
Total non-current assets		3,760	13,455
Current assets			
Trade receivables	5	50,460	73,140
Other receivables	6	289,724	211,869
Cash and cash equivalents	7	485,887	214,138
Total current assets		826,071	499,147
Total assets		829,831	512,602
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	1	1
Retained earnings		612,171	353,551
Total equity		612,172	353,552
Non-current liabilities			
Deferred tax	9	1,502	2,287
Total non-current liabilities		1,502	2,287
Current liabilities			
Other payables	10	176,448	147,868
Provision for taxation	11	39,709	8,895
Total current liabilities		216,157	156,763
Total liabilities		217,659	159,050
Total equity and liabilities		829,831	512,602

SPARK44 SINGAPORE PTE. LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	2019 \$	2018 \$
Revenue	12	1,365,577	805,000
Other items of income			
Management fee		47,446	442,968
Gain on foreign currency exchange difference		-	8,181
Sundries income		71,595	-
Wage credit scheme		2,840	-
		<u>121,881</u>	<u>451,149</u>
Other items of expense			
Purchase and service used		(331,052)	-
Depreciation of plant and equipment	4	(4,620)	(4,412)
Employee benefits expense	13	(628,165)	(646,827)
Other expenses		(215,013)	(338,882)
		<u>(1,178,850)</u>	<u>(990,121)</u>
Profit before tax	14	308,608	266,028
Income tax expense	11	(49,988)	(6,407)
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>258,620</u>	<u>259,621</u>

SPARK44 SINGAPORE PTE. LIMITED

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$
At 1 April 2017	1	93,930	93,931
Profit for the year, representing total comprehensive income for the year	-	259,621	259,621
At 31 March 2018	1	353,551	353,552
Profit for the year, representing total comprehensive income for the year	-	258,620	258,620
At 31 March 2019	1	612,171	612,172

SPARK44 SINGAPORE PTE. LIMITED

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	2019 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		308,608	266,028
Adjustments for:			
Depreciation of plant and equipment	4	4,620	4,412
Operating profit before working capital changes		313,228	270,440
<i>Movement in working capital:</i>			
Trade receivables		22,680	(2,857)
Other receivables		(77,855)	(151,384)
Other payables		28,580	50,243
Net cash generated from operations		286,633	166,442
Tax paid		(19,959)	-
Net cash generated from operating activities		266,674	166,442
CASH GENERATED FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	4	(7,988)	(12,782)
Proceeds from disposal of plant and equipment	4	13,063	-
Net cash proceed from/ (used in) investing activities		5,075	(12,782)
CASH GENERATED FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		214,138	60,478
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	7	485,887	214,138

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

1. Domicile and activities

Spark44 Singapore Pte. Limited (the “Company”) is domiciled and incorporated in Singapore.

The address of the Company’s registered office and principal place of business is at 138 Market Street #36-01/02 CapitaGreen Singapore 048946.

The principal activities of the Company relate to carrying out advertising activities.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards (“FRS”). 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 the Company’s functional currency. All financial information presented in Singapore Dollars.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except that in the 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. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2.3 Standard issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2018, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

The following standards that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
FRS 116 Leases	1 January 2019
INT FRS 123 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28 Long-Term Interest in Associates and Joint Ventures	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (continued)

2.3 Standard issued but not yet effective (continued)

FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Company will apply the standard from its mandatory adoption date of 1 January 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

2.4 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 period are recognised in profit or loss.

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Hardware	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (*continued*)

2.6 Financial instruments

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

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes 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.

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

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.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

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.

b) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (*continued*)

2.6 Financial instruments (*continued*)

b) Financial liabilities (*continued*)

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

De-recognition

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.

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

a) 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 fair value through profit or loss, 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 trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (*continued*)

2.6 Financial instruments (*continued*)

b) 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 fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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, 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.

2.7 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).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (continued)

2.7 Impairment of financial assets (continued)

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.

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 assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows 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 period, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (continued)

2.8 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 estimates 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 assets does not generate cash inflows that are largely independent of those from other assets or group 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 of loss.

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. It 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.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, and are subject to an insignificant risk of changes in value. These also include short term loan that form an integral part of the Company's cash management.

2.10 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.

2.11 Taxes

a) 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 taxation 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.

b) Deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (*continued*)

2.11 Taxes (*continued*)

b) Deferred tax (*continued*)

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 period 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 period 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 period.

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 taxation authority.

2.12 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 good or service to the customer, which is when the customer obtains control of the good or service. 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.

(a) *Rendering of services*

Revenue is recognised when the benefits are transferred to the customer and all criteria for acceptance have been satisfied. Transfer of benefit of services to customers are based on completion of services on monthly and acceptance by customers as specified and revenue are recognised over time when such benefit are transferred.

Based on the Company's experience with similar types of contracts, no variable consideration is included in the transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (continued)

2.12 Revenue recognition (continued)

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.

(a) *Rendering of services*

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

2.13 Operating leases as lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefits of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.14 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 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 period in which the related service is performed.

b) Short-term employee benefits

Short-term employee benefit 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.

2.16 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (*continued*)

2.16 Government grants (*continued*)

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.17 Related parties

A related party is defined as follows:

- (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 Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel or of a parent of the Company.
- (b) An entity is related to the Company if any following condition 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 party and the other entity is an associate of third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity 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); and
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, 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 period. 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.

Judgements made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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 judgments and estimates (*continued*)

Key sources of estimation uncertainty (*continued*)

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. 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 17.

The carrying amount of the Company's trade receivables as at 31 March 2019 was \$50,460 (2018: \$73,140).

Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. As at the financial year end, the carrying amount of the Company's plant and equipment is \$3,760 (2018: \$13,455).

Income taxes

The Company is subject to income taxes in Singapore. Significant judgement is involved in determining the Company-wide provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income taxes and deferred tax provisions in the period in which such determination is made. As at 31 March 2019, the Company's provision for tax is \$39,709 (2018: \$8,895).

Provisions and contingent liabilities

Estimates of the Company's obligations arising from contracts exist as at statement of financial position date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on the directors' knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. Plant and equipment

	Hardware \$	Total \$
<u>Cost</u>		
As at 1.4.2017	9,457	9,457
Additions	12,782	12,782
As at 31.03.2018	22,239	22,239
Additions	7,988	7,988
Disposals	(13,759)	(13,759)
As at 31.03.2019	16,468	16,468
<u>Accumulated depreciation</u>		
As at 1.4.2017	4,372	4,372
Depreciation for the period	4,412	4,412
As at 31.03.2018	8,784	8,784
Depreciation for the year	4,620	4,620
Disposals	(696)	(696)
As at 31.03.2019	12,708	12,708
<u>Carrying value</u>		
As at 31.03.2019	3,760	3,760
As at 31.03.2018	13,455	13,455

5. Trade receivables

	2019 S\$	2018 S\$
Trade receivables:		
-Related parties	50,460	73,140
Total trade receivables	50,460	73,140

Trade receivables are non-interest bearing and are generally on 30 days' terms.

6. Other receivables

	2019 S\$	2018 S\$
Other receivables:		
Amount owing from related companies	287,710	163,966
Deposit	-	8,580
Non-related parties	-	28,753
Prepayments	2,014	10,570
Total other receivables	289,724	211,869

Amount owing from related companies are non-trade in nature, unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

7. Cash and cash equivalents	2019 S\$	2018 S\$
Bank balances	485,887	214,138
Cash and cash equivalents in Statement of Financial Position and Statement of Cash Flows	<u>485,887</u>	<u>214,138</u>

8. Share capital	2019 S\$	2018 S\$
Issued and fully paid ordinary shares		
Balance at beginning and at end of the year		
1 Ordinary Share	<u>1</u>	<u>1</u>

The above have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual asset.

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of share capital and retained earnings. The Company's overall strategy remains unchanged from previous year.

9. Deferred tax	2019 \$	2018 \$
Balance as at beginning of the financial year	2,287	-
(Reversal)/Recognised in profit or loss and comprehensive income (Note 11)	(785)	2,287
Balance as at end of the financial year	<u>1,502</u>	<u>2,287</u>

10. Other payables	2019 S\$	2018 S\$
Other payables:		
Amount due to holding company	-	116,369
Amount due to related company	22,075	-
Accruals	42,121	15,273
Non-related parties	112,252	16,226
Total other payables	<u>176,448</u>	<u>147,868</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

11. Income tax expense

(a) Tax expense

	2019 S\$	2018 S\$
Current year income tax	38,055	8,895
Under/ (Over) provision tax in prior year	12,718	(4,775)
Deferred tax (<i>Note 9</i>)	(785)	2,287
	<u>49,988</u>	<u>6,407</u>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2018: 17%) to profit before income tax as a result of the following differences:-

	2019 S\$	2018 S\$
Profit before tax	<u>308,608</u>	266,028
Income tax expense at statutory rate	52,463	45,225
Non-deductible items	2,455	6,873
Non-taxable items	-	(1,391)
Utilised capital allowance	(224)	(3,301)
Singapore statutory stepped exempt income	(17,425)	(34,000)
Corporate Income Tax Rebate	-	(2,224)
Over provision tax in prior year	12,719	(4,775)
Total income tax expense	<u>49,988</u>	<u>6,407</u>

(b) Tax payable

	2019 S\$	2018 S\$
Balance at beginning of year	8,895	4,775
Current year provision	38,055	8,895
Less: Payment	(19,959)	-
Under/ (Over) provision tax in prior year	12,718	(4,775)
Balance payable at end of year	<u>39,709</u>	<u>8,895</u>

The company has estimated unutilized tax loss carried forward and tax timing differences from capital allowances available for offsetting against future taxable income as follows:-

	2019 S\$	2018 S\$
<u>Unutilised tax losses</u>		
Amount at beginning of year	-	17,551
Over provision tax in prior year	-	(10,915)
Utilised tax loss during the financial year	-	(6,636)
Amount at end of the year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12. Revenue

(a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of benefits at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	2019 S\$	2018 S\$
Primary geographical markets		
- Singapore	1,365,577	805,000
Type of good or service		
- Service	1,365,577	805,000
Timing of transfer of goods		
- Point in time	1,365,577	805,000

13. Employee benefits expense

	2019 S\$	2018 S\$
Bonus and incentive	30,337	12,642
CPF contribution and SDL	34,933	13,014
Director's remuneration	104,588	371,086
Staff salaries and related expenses	458,307	231,289
Vacation compensation	-	18,796
Total employee benefits	628,165	646,827

14. Profit before tax

	2019 S\$	2018 S\$
<i>This is arrived at after charging:-</i>		
Accommodation	8,006	24,406
Freelancer-billable position	98,072	27,045
Insurance	2,450	19,346
Recruitment and training	-	57,570
Rental	-	50,267
Travel expenses	39,468	80,352

15. Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases contracted for at the reporting date but not recognised as payables, are as follows:-

	2019 S\$	2018 S\$
<u>Rental of office premises</u>		
Payable within one year	-	-
Rental of office for the financial period	-	50,267

The Company leases office premises from third party under operating lease. The lease commenced in July 2015 and terminates in December 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

16. Related party transaction

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:

(a) *Director-controlled entities*

	2019	2018
	S\$	S\$
Management fee	47,446	442,968
Retainer fee	1,034,525	805,000
Pass through revenue	296,518	-
Shared cost of regional planning director	28,746	-
Pass through cost	(2,430)	-
Shared cost of managing director	(24,256)	-
Expenses paid on behalf	128,889	-
Disposal of plant and equipment	(13,062)	-

(b) *Key management personnel compensation comprised:*

	2019	2018
	S\$	S\$
Director's fee	1,000	-
Director's remuneration	104,588	371,086

17. Financial risk management

Financial risk factors

The Company's activities expose it to currency risk, credit risk and liquidity risk. The Company's overall risk management strategy seek to minimize potential adverse effects from the unpredictability of financial markets on the financial performance of the Company.

The directors manage and monitor such exposures to ensure appropriate risk management measures are implemented on timely and effective manners. However, these are not documented in formal written documents. The following guidelines are followed:

- (i) Minimise currency, credit and market risks for all kinds of transactions.
- (ii) All financial risk management activities are carried out and monitored by the directors.
- (iii) All financial risk management activities are carried out following market practices.

There has been no significant change to the manner in which it manages and measures these risks.

Currency risk

The Company is exposed to foreign currency risk as a result of its transactions where the denominations differ from its functional currency.

The Company's foreign currency exposures arise mainly from the exchange rate movements of the Great Britain Pound (GBP), Australian Dollar (AUD), China Yuan (CNY) and Taiwan New Dollar (TWD) against the Singapore Dollar (SGD). The Company manages the exchange risk by monitoring the movements in exchange rate regularly.

The Company does not enter into any forward contracts to hedge its exposure to movement in exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

17. Financial risk management (continued)

Currency risk (continued)

At the end of the reporting period, the Company's currency exposure based on the information provided to directors are as follows:

	<u>2019</u>					Total
	SGD	GBP	AUD	CNY	TWD	
Financial Assets						
Trade receivables (Note 5)	50,460	-	-	-	-	50,460
Other receivables (Note 6) (excluding prepayment)	287,710	-	-	-	-	287,710
Cash and cash equivalents (Note 7)	485,887	-	-	-	-	485,887
	<u>824,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>824,057</u>
Financial Liabilities						
Other payables (Note 10)	154,373	-	-	19,675	2,400	176,448
Net financial assets/(liabilities)	<u>669,684</u>	<u>-</u>	<u>-</u>	<u>(19,675)</u>	<u>(2,400)</u>	<u>647,609</u>
	<u>2018</u>					Total
	SGD	GBP	AUD	CNY	TWD	
Financial Assets						
Trade receivables (Note 5)	73,140	-	-	-	-	73,140
Other receivables (Note 6) (excluding prepayment)	48,692	152,607	-	-	-	201,299
Cash and cash equivalents (Note 7)	214,138	-	-	-	-	214,138
	<u>335,970</u>	<u>152,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>488,577</u>
Financial Liabilities						
Other payables (Note 10)	143,263	-	4,605	-	-	147,868
Net financial assets/(liabilities)	<u>192,707</u>	<u>152,607</u>	<u>(4,605)</u>	<u>-</u>	<u>-</u>	<u>340,709</u>

If the GBP, AUD, CNY and TWD change against the SGD by 5% respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	<u>2019</u>		<u>2018</u>	
	Loss after tax S\$	Equity S\$	Loss after tax S\$	Equity S\$
GBP against SGD				
- strengthened	-	-	6,333	6,333
- weakened	-	-	(6,333)	(6,333)
AUD against SGD				
- strengthened	-	-	(191)	(191)
- weakened	-	-	191	191
CNY against SGD				
- strengthened	(817)	(817)	-	-
- weakened	817	817	-	-
TWD against SGD				
- strengthened	(100)	(100)	-	-
- weakened	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

17. Financial risk management (continued)

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 and other receivables. For other financial assets (including investment securities and 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 condition 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 period.

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.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings 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 and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal 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
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and 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
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or another financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment. As at the financial year end, there are no significant increase in credit risk of other receivables.

The Company does not categorises a receivable for potential write-off as there is no unsettled payment from trade receivables which agreed from the sales contract in the historical observed transactions.

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 had been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default)	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

17. Financial risk management (continued)

Credit risk (continued)

As at the financial year end, the Company's financial assets consist mainly trade receivables and other receivables, of which other receivables are not material.

Trade receivables

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at life time ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

Based on the historical default rate, the Company assess that trade receivables have low credit risk as there are minimal default based on historical trend.

As at the financial year end, the Company measured the impairment loss using lifetime ECL determined by the provision matrix and determine that the ECL is insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

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.

Comparative information under FRS 39

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. Based on historical default rates, the Company believe that no impairment allowance is necessary in respect of trade and other receivables not past due.

The age analysis of trade receivables neither past due nor impaired and past due but not impaired is as follows:

	2018
	S\$
Not past due	<u>73,140</u>

Other receivables

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 determine that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

17. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial 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. The Company's objective is to maintain a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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

	<u>2019</u>		<u>2018</u>	
	One year or less	Total	One year or less	Total
	\$	\$	\$	\$
Financial assets:				
Trade receivables (Note 5)	50,460	50,460	73,140	73,140
Other receivables (Note 6) (excluding prepayments)	287,710	287,710	201,299	201,299
Cash and cash equivalents (Note 7)	485,887	485,887	214,138	214,138
Total undiscounted financial assets	<u>824,057</u>	<u>824,057</u>	<u>488,577</u>	<u>488,577</u>
Financial liabilities:				
Other payables (Note 10)	176,448	176,448	147,868	147,868
Total undiscounted financial liabilities	<u>176,448</u>	<u>176,448</u>	<u>147,868</u>	<u>147,868</u>
Total net undiscounted financial assets	<u>647,609</u>	<u>647,609</u>	<u>340,709</u>	<u>340,709</u>

18. Fair value of financial instruments

Assets and liabilities that are measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

18. Fair value of financial instruments (continued)

The Company does not hold financial assets nor liabilities carried at fair value or at valuation. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1,2 and 3) under FRS 107 *Financial Instruments: Disclosures* does not apply.

Trade receivables

The carrying amounts of these balances approximate their fair values because these are subject to normal trade credit terms.

Cash and cash equivalents, other receivables, other payables

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

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.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2018.

20. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 18 JUN 2019

21. Comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability in the current year's financial statements.

As a result, certain line items have been amended on the face of the Statement of Financial Position and the related notes to the financial statements. Comparative figures have been adjusted conform with the current year's presentation. The reclassifications have no effect on the Statement of Financial Position.

	After reclassification 2018 S\$	As previously reported 2018 S\$
Balance sheet:		
Other receivables	211,869	347,326
Other payables	147,868	283,325

Certain reclassifications have been made to the prior year's financial statements to enhance comparability in the current year's financial statements.

Third statement of financial position

There is no presentation of third statement of financial position as the balances as at 31 March 2018 represented the earliest period of the effects of the prior year adjustment.

SPARK44 SINGAPORE PTE. LIMITED

DETAILED INCOME STATEMENT

For the financial year ended 31 March 2019

	2019	2018
	\$	\$
REVENUE		
Services	1,365,577	805,000
LESS: COSTS OF SALES		
Services fee	331,052	-
	<u>1,034,525</u>	805,000
OTHER INCOME		
Management fees	47,446	442,968
Gain on foreign currency exchange difference	-	8,181
Sundries income	71,595	-
Wage credit scheme	2,840	-
	<u>1,156,406</u>	<u>1,256,149</u>
EXPENSES		
Absorbed costs	-	5,769
Accommodation	8,006	24,406
Accountancy, audit and tax fees	20,181	22,680
Bank charges	454	532
Bonus and incentive	30,337	12,642
Conferences	-	4,707
Consultant costs	3,000	-
CPF contribution and SDL	34,933	13,014
Depreciation of plant and equipment	4,620	4,412
Director's fee	1,000	-
Director's remuneration	104,588	371,086
Entertainment	964	15,749
Loss on foreign exchange difference	5,928	-
Freelancer- billable position	98,072	27,045
Gift and donations	-	182
Insurance	2,450	19,346
IT expenses	-	1,222
Office supplies	-	453
Postage and courier	31	9,014
Professional fees	3,331	2,837
Recruitment and training	-	57,570
Rental	-	50,267
Shared cost of managing director	24,256	-
Staff salaries and related expenses	458,307	231,289
Subscription fees	542	791
Sundry expenses	2,169	543
Telecommunication	2,816	10,871
Transportation expenses	2,345	4,546
Travel expenses	39,468	80,352
Vacation compensation	-	18,796
	<u>847,798</u>	<u>990,121</u>
PROFIT BEFORE TAX	<u>308,608</u>	<u>266,028</u>

The above statement does not form part of the audited financial statements.