

SPARK44 SINGAPORE PTE. LIMITED

Registration No.: 201523182E

(Incorporated in Singapore)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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Contents

	Page
Directors' Statement	1 - 2
Independent Auditor's Report	3 - 5
Statement of Financial Position	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 27

DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

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 2020.

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 2020 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:

Monica Hynds
Sharma Avanesh
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 2020

Auditors

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

On behalf of Board of Directors,



Sharma Avanesh
Director



Monica Hynds
Director

Singapore, 15 MAY 2020

**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 2020, 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 2020 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.

**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:

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. 2011175222

Public Accountants & Chartered Accountants
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Fax: +65 6223 8718

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, 15 MAY 2020

SPARK44 SINGAPORE PTE. LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 \$	2019 \$
ASSETS			
Non-current assets			
Plant and equipment	4	3,440	3,760
Total non-current assets		3,440	3,760
Current assets			
Trade receivables	5	73,149	50,460
Other receivables	6	170,387	289,724
Cash and cash equivalents	7	608,909	485,887
Total current assets		852,445	826,071
Total assets		855,885	829,831
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	1	1
Retained earnings		657,052	612,171
Total equity		657,053	612,172
Non-current liabilities			
Deferred tax	9	584	1,502
Total non-current liabilities		584	1,502
Current liabilities			
Other payables	10	185,433	176,448
Provision for taxation	11	12,815	39,709
Total current liabilities		198,248	216,157
Total liabilities		198,832	217,659
Total equity and liabilities		855,885	829,831

SPARK44 SINGAPORE PTE. LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Revenue	12	1,228,953	1,365,577
Other items of income			
Management fee		-	47,446
Sundries income		-	71,595
Wage credit scheme		7,986	2,840
		<u>7,986</u>	<u>121,881</u>
Other items of expense			
Purchase and service used		(445,012)	(331,052)
Depreciation of plant and equipment	4	(2,803)	(4,620)
Employee benefits expense	13	(475,815)	(628,165)
Other expenses		(265,658)	(215,013)
		<u>(1,189,288)</u>	<u>(1,178,850)</u>
Profit before tax	14	47,651	308,608
Income tax expense	11	(2,770)	(49,988)
PROFIT FOR THE YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>44,881</u>	<u>258,620</u>

SPARK44 SINGAPORE PTE. LIMITED**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 March 2020*

	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Total</u> \$
At 1 April 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
Profit for the year, representing total comprehensive income for the year	-	44,881	44,881
At 31 March 2020	1	657,052	657,053

SPARK44 SINGAPORE PTE. LIMITED**STATEMENT OF CASH FLOWS***For the financial year ended 31 March 2020*

	Note	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		47,651	308,608
Adjustments for:			
Depreciation of plant and equipment	4	2,803	4,620
Operating profit before working capital changes		50,454	313,228
<i>Movement in working capital:</i>			
Trade receivables		(22,689)	22,680
Other receivables		119,337	(77,855)
Other payables		8,985	28,580
Net cash generated from operations		156,087	286,633
Tax paid		(38,366)	(19,959)
Tax refund		7,784	-
Net cash generated from operating activities		125,505	266,674
CASH GENERATED FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	4	(2,483)	(7,988)
Proceeds from disposal of plant and equipment	4	-	13,063
Net cash (used in)/generated from investing activities		(2,483)	5,075
CASH GENERATED FROM FINANCING ACTIVITIES			
Net cash generated from financing activities		-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS			
		123,022	271,749
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		485,887	214,138
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	7	608,909	485,887

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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 2019. 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

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

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 1 and FRS 8 <i>Definition of Material</i>	1 January 2020
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (continued)

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 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.

2.6 Financial instruments

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

a) Financial assets (continued)

Initial recognition and measurement (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

b) Financial liabilities (continued)

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.

2.7 Impairment of financial assets

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

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

2.9 Cash and cash equivalents

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

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.

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 by the end of the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (continued)

2.12 Revenue recognition

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.

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.

2.13 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.

2.14 Employee benefits

a) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (continued)

2.15 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.

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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

3. Significant accounting judgments and estimates (continued)

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.

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 16.

The carrying amount of the Company's trade receivables as at 31 March 2020 was \$73,149 (2019: \$50,460).

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 \$3,440 (2019: \$3,760).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

3. Significant accounting judgments and estimates (continued)

Key sources of estimation uncertainty (continued)

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 2020, the Company's provision for tax is \$12,815 (2019: \$39,709).

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.

4. Plant and equipment

	<u>Hardware</u>	<u>Total</u>
	\$	\$
<u>Cost</u>		
As at 1.4.2018	22,239	22,239
Additions	7,988	7,988
Disposals	(13,759)	(13,759)
As at 31.03.2019	16,468	16,468
Additions	2,483	2,483
As at 31.03.2020	18,951	18,951
<u>Accumulated depreciation</u>		
As at 1.4.2018	8,784	8,784
Depreciation for the year	4,620	4,620
Disposals	(696)	(696)
As at 31.03.2019	12,708	12,708
Depreciation for the year	2,803	2,803
As at 31.03.2020	15,511	15,511
<u>Carrying value</u>		
As at 31.03.2020	3,440	3,440
As at 31.03.2019	3,760	3,760

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

5. Trade receivables

	2020	2019
	S\$	S\$
Trade receivables:		
-Related parties	73,149	50,460
Total trade receivables	<u>73,149</u>	<u>50,460</u>

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

6. Other receivables

	2020	2019
	S\$	S\$
Other receivables:		
Amount owing from related companies	168,894	287,710
Prepayments	1,493	2,014
Total other receivables	<u>170,387</u>	<u>289,724</u>

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

7. Cash and cash equivalents

	2020	2019
	S\$	S\$
Bank balances	608,909	485,887
Cash and cash equivalents in Statement of Financial Position and Statement of Cash Flows	<u>608,909</u>	<u>485,887</u>

8. Share capital

	2020	2019
	S\$	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

9. Deferred tax

	2020 \$	2019 \$
Balance as at beginning of the financial year	1,502	2,287
Reversal in profit or loss and comprehensive income (Note 11)	(918)	(785)
Balance as at end of the financial year	<u>584</u>	<u>1,502</u>

10. Other payables

	2020 S\$	2019 S\$
Other payables:		
Amount due to related companies	88,557	22,075
Accruals	61,914	42,121
GST payable	19,055	-
Non-related parties	15,907	112,252
Total other payables	<u>185,433</u>	<u>176,448</u>

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

11. Income tax expense

(a) Tax expense

	2020 S\$	2019 S\$
Current year income tax	3,952	38,055
(Over)/ Under provision tax in prior year	(264)	12,718
Deferred tax (Note 9)	(918)	(785)
	<u>2,770</u>	<u>49,988</u>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2019: 17%) to profit before income tax as a result of the following differences:-

	2020 S\$	2019 S\$
Profit before tax	<u>47,651</u>	<u>308,608</u>
Income tax expense at statutory rate	8,101	52,463
Non-deductible items	156	2,455
Utilised capital allowance	(422)	(224)
Singapore statutory stepped exempt income	(4,801)	(17,425)
(Over)/ Under provision tax in prior year	(264)	12,719
Total income tax expense	<u>2,770</u>	<u>49,988</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

11. Income tax expense (continued)

(b) Tax payable

	2020 S\$	2019 S\$
Balance at beginning of year	39,709	8,895
Current year provision	3,952	38,055
Add: Refund	7,784	-
Less: Payment	(38,366)	(19,959)
(Over)/ Under provision tax in prior year	(264)	12,718
Balance payable at end of year	<u>12,815</u>	<u>39,709</u>

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.

	2020 S\$	2019 S\$
Primary geographical markets		
- Singapore	<u>1,228,953</u>	<u>1,365,577</u>
Type of good or service		
- Service	<u>1,228,953</u>	<u>1,365,577</u>
Timing of transfer of goods		
- Point in time	<u>1,228,953</u>	<u>1,365,577</u>

13. Employee benefits expense

	2020 S\$	2019 S\$
Bonus and incentive	17,397	30,337
CPF contribution and SDL	42,820	34,933
Director's remuneration	17,255	104,588
Staff salaries and related expenses	<u>398,343</u>	<u>458,307</u>
Total employee benefits	<u>475,815</u>	<u>628,165</u>

NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2020***14. Profit before tax**

	2020	2019
	S\$	S\$
<i>This is arrived at after charging:-</i>		
Accommodation	166	8,006
Freelancer-billable position	21,128	98,072
Insurance	4,693	2,450
Recruitment and training	44,390	-
Travel expenses	1,945	39,468
	<u>1,945</u>	<u>39,468</u>

15. 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

	2020	2019
	S\$	S\$
Management fee	86,120	47,446
Services income	1,228,953	1,331,043
Shared cost of regional planning director	-	28,746
Services fee	(17,663)	(2,430)
Shared cost of managing director	-	(24,256)
Shared cost of art director	(60,664)	-
Expenses paid on behalf	-	128,889
Disposal of plant and equipment	-	(13,062)
Purchases of plant and equipment	(1,746)	-
	<u>(1,746)</u>	<u>-</u>

(b) Key management personnel compensation comprised:

	2020	2019
	S\$	S\$
Director's fee	4,000	1,000
Director's remuneration	17,255	104,588
	<u>17,255</u>	<u>104,588</u>

16. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

16. Financial risk management (continued)

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 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.

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

	2020			Total
	SGD	CNY	TWD	
Financial Assets				
Trade receivables (Note 5)	73,149	-	-	73,149
Other receivables (Note 6) (excluding prepayment)	168,894	-	-	168,894
Cash and cash equivalents (Note 7)	608,909	-	-	608,909
	<u>850,952</u>	<u>-</u>	<u>-</u>	<u>850,952</u>
Financial Liabilities				
Other payables (Note 10) (excluding GST payable)	77,821	19,573	68,984	166,378
	<u>77,821</u>	<u>19,573</u>	<u>68,984</u>	<u>166,378</u>
Net financial assets/(liabilities)	<u>773,131</u>	<u>(19,573)</u>	<u>(68,984)</u>	<u>684,574</u>
	2019			Total
	SGD	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>824,057</u>
Financial Liabilities				
Other payables (Note 10)	154,373	19,675	2,400	176,448
	<u>154,373</u>	<u>19,675</u>	<u>2,400</u>	<u>176,448</u>
Net financial assets/(liabilities)	<u>669,684</u>	<u>(19,675)</u>	<u>(2,400)</u>	<u>647,609</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

16. Financial risk management (continued)

Currency risk (continued)

If the 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:

	2020		2019	
	Increase / (Decrease)		Increase / (Decrease)	
	Profit after tax	Equity	Profit after tax	Equity
	S\$	S\$	S\$	S\$
CNY against SGD				
- strengthened	(812)	(812)	(817)	(817)
- weakened	812	812	817	817
TWD against SGD				
- strengthened	(2,862)	(2,862)	(100)	(100)
- weakened	2,862	2,862	100	100

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

16. Financial risk management (continued)

Credit risk (continued)

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

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.

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 2020

16. 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.

	2020		2019	
	One year or less \$	Total \$	One year or less \$	Total \$
Financial assets:				
Trade receivables (Note 5)	73,149	73,149	50,460	50,460
Other receivables (Note 6) (excluding prepayments)	168,894	168,894	287,710	287,710
Cash and cash equivalents (Note 7)	608,909	608,909	485,887	485,887
Total undiscounted financial assets	<u>850,952</u>	<u>850,952</u>	<u>824,057</u>	<u>824,057</u>
Financial liabilities:				
Other payables (Note 10)	166,378	166,378	176,448	176,448
Total undiscounted financial liabilities	<u>166,378</u>	<u>166,378</u>	<u>176,448</u>	<u>176,448</u>
Total net undiscounted financial assets	<u>684,574</u>	<u>684,574</u>	<u>647,609</u>	<u>647,609</u>

17. 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 2020

17. 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.

18. 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 2020 and 31 March 2019.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2019.

19. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 15 MAY 2020 .

SPARK44 SINGAPORE PTE. LIMITED**DETAILED INCOME STATEMENT***For the financial year ended 31 March 2020*

	2020	2019
	\$	\$
REVENUE		
Services	1,228,953	1,365,577
LESS: COSTS OF SALES		
Services fee	445,012	331,052
	<u>783,941</u>	<u>1,034,525</u>
OTHER INCOME		
Management fees	-	47,446
Sundries income	-	71,595
Wage credit scheme	7,986	2,840
	<u>791,927</u>	<u>1,156,406</u>
EXPENSES		
Absorbed costs	20	-
Accommodation	166	8,006
Accountancy, audit and tax fees	20,900	20,181
Bank charges	458	454
Bonus and incentive	17,397	30,337
Consultant costs	-	3,000
CPF contribution and SDL	42,820	34,933
Depreciation of plant and equipment	2,803	4,620
Director's fee	4,000	1,000
Director's remuneration	17,255	104,588
Entertainment	65	964
Loss on foreign exchange difference	7,509	5,928
Freelancer- billable position	21,128	98,072
Gift and donations	1,930	-
Insurance	4,693	2,450
Management fee	86,120	-
Office supplies	5	-
Penalties	70	-
Postage and courier	20	31
Printing and stationery	69	-
Professional fees	2,437	3,331
Recruitment and training	44,390	-
Shared cost of managing director	-	24,256
Shared cost of art director	60,664	-
Staff salaries and related expenses	398,343	458,307
Staff welfare	360	-
Subscription fees	332	542
Sundry expenses	291	2,169
Telecommunication	3,029	2,816
Transportation expenses	2,760	2,345
Travel expenses	1,945	39,468
Vacation compensation	2,297	-
	<u>744,276</u>	<u>847,798</u>
PROFIT BEFORE TAX	<u>47,651</u>	<u>308,608</u>

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