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Island Landscape & Nursery Pte Limited
Registration Number: 197100747E

Annual Report
Year ended 31 March 2017

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2017.

In our opinion:

(a) the financial statements set out on pages FS1 to FS23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provision of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Jayant Shripad Gadgil
Ness Wadia
Patrick Kennedy Cassels

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), no director who held office at the end of the financial year (including those held by their spouses and infant children) had interests in shares, warrants, debentures and share options in the Company, or in related companies, either at the beginning of the financial year or at the end of the financial year.

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.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Jayant Shripad Gadgil
Director

Ness Wadia
Director

24 MAY 2017

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Independent auditors' report

Member of the Company
Island Landscape & Nursery Pte Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Landscape & Nursery Pte Limited ('the Company'), which comprise the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS23.

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 2017 and 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 '*Auditors' 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 *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, as set out on page 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.

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

Responsibilities of management and directors for the financial statements

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

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

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

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

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

- 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 controls.

- Obtain an understanding of internal controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 May 2017

Statement of financial position
As at 31 March 2017

	Note	2017 S$	2016 S$
Assets			
Property, plant and equipment	4	1,784,059	2,102,413
Non-current asset		1,784,059	2,102,413
Inventories	5	1,048,703	1,084,277
Trade and other receivables	6	3,487,164	3,832,088
Prepayments		213,311	335,218
Cash and cash equivalents	7	4,034,104	2,710,538
Current assets		8,783,282	7,962,121
Total assets		10,567,341	10,064,534
Equity attributable to owner of the Company			
Share capital	8	2,200,000	2,200,000
Capital reserve	8	127,809	127,809
Retained earnings		5,730,754	4,897,217
Total equity		8,058,563	7,225,026
Liabilities			
Finance lease liabilities	9	38,734	33,747
Deferred tax liabilities	10	124,152	174,152
Non-current liabilities		162,886	207,899
Trade and other payables	11	2,141,263	2,377,153
Finance lease liabilities	9	40,346	84,154
Current tax payable		164,283	170,302
Current liabilities		2,345,892	2,631,609
Total liabilities		2,508,778	2,839,508
Total equity and liabilities		10,567,341	10,064,534

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

Statement of profit or loss and other comprehensive income
Year ended 31 March 2017

	Note	2017 S$	2016 S$
Revenue	12	12,038,884	13,336,221
Other income	13	3,696	2,110
Changes in inventories of finished goods and purchases		(2,437,042)	(2,650,096)
Maintenance costs		(3,082,287)	(3,740,386)
Other items of expense			
Salaries and employee benefits		(3,956,678)	(4,156,767)
Depreciation of property, plant and equipment		(502,773)	(516,588)
Foreign exchange gain/(loss)		9,483	(17,935)
Rental of premises and equipment		(298,157)	(292,434)
Interest on finance lease liabilities		(4,658)	(8,924)
Other operating expenses		(859,625)	(874,217)
		(5,612,408)	(5,866,865)
Profit before tax	14	910,843	1,080,984
Tax expense	15	(77,306)	(101,404)
Profit for the year/Total comprehensive income for the year		833,537	979,580

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

Statement of changes in equity
Year ended 31 March 2017

	Share capital S$	Capital reserve S$	Retained earnings S$	Total S$
At 1 April 2015	2,200,000	127,809	5,417,637	7,745,446
Total comprehensive income for the year				
Profit for the year	–	–	979,580	979,580
Total comprehensive income for the year	–	–	979,580	979,580
Transaction with owner, recognised directly in equity				
Interim one-tier tax exempt dividend of S$0.9375 per share	–	–	(1,500,000)	(1,500,000)
Total transaction with owner	–	–	(1,500,000)	(1,500,000)
At 31 March 2016	2,200,000	127,809	4,897,217	7,225,026
At 1 April 2016	2,200,000	127,809	4,897,217	7,225,026
Total comprehensive income for the year				
Profit for the year	–	–	833,537	833,537
Total comprehensive income for the year	–	–	833,537	833,537
At 31 March 2017	2,200,000	127,809	5,730,754	8,058,563

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

Statement of cash flows
Year ended 31 March 2017

	Note	2017 S$	2016 S$
Cash flows from operating activities			
Profit for the year		833,537	979,580
Adjustments for:			
Depreciation of property, plant and equipment		502,773	516,588
(Gain)/Loss on disposal of property, plant and equipment		(26,500)	2,355
Impairment loss on trade receivables		48,762	–
Interest expense		4,658	8,924
Interest income		(3,627)	(2,024)
Tax expense		77,306	101,404
		1,436,909	1,606,827
Change in inventories		35,574	98,883
Change in trade and other receivables		211,098	249,231
Change in prepayments		121,907	(217,494)
Change in trade and other payables		(247,683)	129,815
Cash generated from operating activities		1,557,805	1,867,262
Interest paid		(4,658)	(8,924)
Interest received		3,627	2,024
Tax paid		(133,325)	(154,339)
Net cash from operating activities		1,423,449	1,706,023
Cash flows from investing activities			
Purchase of property, plant and equipment		(134,419)	(153,882)
Proceed from disposal of property, plant and equipment		26,500	26,700
Dividend paid		–	(1,500,000)
Net cash used in investing activities		(107,919)	(1,627,182)
Cash flows from financing activities			
Repayment of finance lease liabilities		(88,821)	(201,764)
Change in amounts due to a subsidiary, related party and the immediate holding company		96,857	(235,565)
Cash pledged		55,464	159,089
Net cash used in financing activities		63,500	(278,240)
Net increase/(decrease) in cash and cash equivalents		1,379,030	(199,399)
Cash and cash equivalents at beginning of year		2,521,598	2,720,997
Cash and cash equivalents at end of year	7	3,900,628	2,521,598

__Non-cash transaction__

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of S$184,419 (2016: S$245,882) of which S$50,000 (2016: S$92,000) was acquired by means of finance lease.

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 May 2017.

1 Domicile and activities

Island Landscape & Nursery Pte Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office and principal place of business is Plot 13, PSA Nursery, 3 Joan Road, Singapore 298897.

The Company is a wholly-owned subsidiary of Island Horti-Tech Holdings Pte. Ltd., incorporated in Singapore. The ultimate holding company during the financial year is The Bombay Burmah Trading Corporation Limited, incorporated in India.

The Company is primarily involved in the provision of decorative plants and landscaping services.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of critical judgements in the application of accounting policies that have significant effect on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Subsidiary

Subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in subsidiary in the Company's statement of financial position is stated at cost less accumulated impairment losses.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and bank deposits.

Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and finance lease liabilities.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Capital work-in-progress is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Nursery developments	3 to 20 years
Motor vehicles	5 years
Office equipment	5 years
Office furniture	5 years
Machinery and equipment	5 years
Computer software	9 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leased assets

Leases in terms of which the Company assumes substantially all the risk and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Company's statement of financial position.

3.6 Inventories

Inventories comprise plants, accessories (such as hardwares and containers) and landscape project-in-progress.

Inventories of plants are stated at the lower of cost which consists of plant cost, direct labour and attributable overheads, and net realisable value.

Inventories of accessories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Landscape project-in-progress is value at cost, which consists of direct materials, labour and attributable overheads.

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term 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 under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.9 Revenue

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. An expected loss is recognised immediately in profit or loss.

Interest income

Interest income is recognised using the effective interest method.

Rental income

Rental income arising from the rental of decorative plants is recognised on monthly basis over the period of rental.

3.10 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.11 Borrowing costs

Borrowing costs are recognised in profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.13 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of accounting standards issued after the reporting date.

4 Property, plant and equipment

	Nursery developments S$	Motor vehicles S$	Office equipment S$	Office furniture S$	Machinery and equipment S$	Computer software S$	Total S$
Cost							
At 1 April 2015	3,932,992	1,933,778	539,358	215,188	277,184	210,426	7,108,926
Additions	–	118,358	16,544	10,700	64,780	35,500	245,882
Disposals	–	(58,111)	–	–	–	–	(58,111)
At 31 March 2016	3,932,992	1,994,025	555,902	225,888	341,964	245,926	7,296,697
Additions	–	102,459	42,925	35,075	3,960	–	184,419
Disposals	–	(82,633)	–	–	–	–	(82,633)
At 31 March 2017	3,932,992	2,013,851	598,827	260,963	345,924	245,926	7,398,483
Accumulated depreciation							
At 1 April 2015	2,411,084	1,257,800	468,234	204,155	223,803	141,676	4,706,752
Charge for the year	192,216	253,305	23,840	4,320	24,574	18,333	516,588
Disposals	–	(29,056)	–	–	–	–	(29,056)
At 31 March 2016	2,603,300	1,482,049	492,074	208,475	248,377	160,009	5,194,284
Charge for the year	191,995	215,372	33,976	11,296	27,856	22,278	502,773
Disposals	–	(82,633)	–	–	–	–	(82,633)
At 31 March 2017	2,795,295	1,614,788	526,050	219,771	276,233	182,287	5,614,424
Carrying amounts							
At 1 April 2015	1,521,908	675,978	71,124	11,033	53,381	68,750	2,402,174
At 31 March 2016	1,329,692	511,976	63,828	17,413	93,587	85,917	2,102,413
At 31 March 2017	1,137,697	399,063	72,777	41,192	69,691	63,639	1,784,059

At 31 March 2017, the Company has certain property, plant and equipment under finance leases with net carrying amount of S$293,027 (2016: S$389,604).

5 Inventories

	2017 S$	2016 S$
Plants	521,187	517,066
Nursery hardware	470,729	497,789
Rental containers	56,787	69,422
	1,048,703	1,084,277

6 Trade and other receivables

	2017 S$	2016 S$
Trade receivables	1,748,851	1,982,589
Less: Allowance for impairment	(468,361)	(462,642)
	1,280,490	1,519,947
Deposits, including tender deposits	24,006	22,113
Amounts due from immediate holding company (non-trade)	2,163,418	2,248,482
Advances to staff	4,400	12,600
Others	14,850	28,946
	3,487,164	3,832,088

Non-trade amounts due from the immediate holding company are unsecured, non-interest bearing and repayable on demand. The amounts are expected to be settled in cash.

The Company's exposure to credit and currency risks, and impairment losses related to trade receivables is disclosed in note 18.

7 Cash and cash equivalents

	2017 S$	2016 S$
Fixed deposits with banks	2,291,076	538,152
Cash at banks and in hand	1,743,028	2,172,386
	4,034,104	2,710,538
Cash pledged	(133,476)	(188,940)
Cash and cash equivalents in the statement of cash flows	3,900,628	2,521,598

The fixed deposits have short-term maturity periods and bear interest at weighted average effective rates of 0.72% (2016: 0.20%) per annum.

Cash balances of S$133,476 (2016: S$188,940), inventories, trade receivables, revenue and claims (both present and future) are pledged as security for banking facilities granted.

8 Share capital

	No. of shares 2017	No. of shares 2016
Issued and fully paid ordinary shares, with no par value:		
At beginning and end of financial year	1,600,000	1,600,000

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 assets.

Capital reserve

The capital reserve relates to the surplus on disposal of a corporate club membership and is fully distributable to the member of the Company.

9 Finance lease liabilities

Finance lease liabilities

At 31 March 2017, the Company has obligations under finance lease agreements that are payable as follows:

	Future minimum lease payments 2017 S$	Interest 2017 S$	Principal 2017 S$	Future minimum lease payments 2016 S$	Interest 2016 S$	Principal 2016 S$
Payable within 1 year	42,976	(2,630)	40,346	87,880	(3,726)	84,154
Payable after 1 year but within 5 years	41,835	(3,101)	38,734	34,459	(712)	33,747
Total	84,811	(5,731)	79,080	122,339	(4,438)	117,901

The weighted average effective interest rate at the reporting date is 4.01% (2016: 5.03%) per annum.

The Company's exposure to interest rate, foreign currency and liquidity risks, and a sensitivity analysis for financial assets and liabilities are disclosed in note 18.

10 Deferred tax liabilities

Movements in deferred tax liabilities of the Company during the year are as follows:

	At 1 April 2015 S$	Recognised in profit or loss (note 15) S$	At 31 March 2016 S$	Recognised in profit or loss (note 15) S$	At 31 March 2017 S$
Property, plant and equipment	174,152	–	174,152	(50,000)	124,152

11 Trade and other payables

	2017 S$	2016 S$
Trade payables	1,154,717	1,164,466
Other payables	41,724	192,250
Amounts due to a related party (non-trade)	59,710	47,917
Accrued operating expenses	837,728	922,568
Unconsumed leave	47,384	49,952
	2,141,263	2,377,153

Amounts due to a related party were unsecured, non-interest bearing and are repayable on demand. The amounts are expected to be settled in cash.

The Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in note 18.

12 Revenue

	2017 S$	2016 S$
Revenue from landscape and nursery services	6,119,125	7,166,663
Rental income from decorative plants	5,919,759	6,169,558
	12,038,884	13,336,221

13 Other income

	2017 S$	2016 S$
Interest on fixed deposits	3,627	2,024
Sundry income	69	86
	3,696	2,110

14 Profit before tax

The following items have been included in arriving at profit before tax:

	2017 S$	2016 S$
(Gain)/Loss on disposal of property, plant and equipment	(26,500)	2,355
Impairment loss on trade receivables	48,762	–
Contributions to defined contribution plans included in staff costs	346,757	336,898

15 Tax expense

	2017 S$	2016 S$
Current tax expense		
Current year	164,283	173,472
Adjustment for prior years	(36,977)	(72,068)
	127,306	101,404
Deferred tax expense		
Origination and reversal temporary differences	(8,072)	–
Adjustment for prior years	(41,928)	–
	(50,000)	–
Total tax expense	77,306	101,404

Reconciliation of effective tax rate

	2017 S$	2016 S$
Profit before tax	910,843	1,080,984
Tax using the Singapore tax rate of 17%(2016: 17%)	154,843	183,767
Non-deductible expenses	34,033	29,030
Tax exempt income and tax incentives	(70,639)	(74,566)
Adjustments for prior years	(78,905)	(72,068)
Others	37,974	35,241
	77,306	101,404

16 Significant related party transactions

Key management personnel compensation

The key management personnel compensation are as follows:

	2017 S$	2016 S$
Salary and other benefits	111,647	364,796
Contributions to defined contribution plans	11,239	8,522
	122,886	373,318

Related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out in the normal course of business based on terms agreed between the parties:

	2017 S$	2016 S$
Commission paid to immediate holding company	169,951	180,530
Purchases of goods with related parties:		
- rental of leasehold land	18,000	18,000

17 Commitments

At 31 March 2017, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2017 S$	2016 S$
Within 1 year	170,500	186,000
After 1 year but within 5 years	–	170,500
	170,500	356,500

The Company lease its lands under operating lease. The lease typically run for an initial period of 3 years with an option to review the lease after that date.

In addition, the Company has borne the lease rental of a piece of land under related party for the current and previous financial year. The lease of land typically run for 20 years and had expired during the previous year. The Company had renewed the lease for a period of 3 years and paid the rent in advance.

18 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company, as and when they fall due.

The Company's primary exposure to credit risk arises from its trade and other receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Cash and bank balances are placed with banks and financial institutions that are regulated and with good credit standing.

The Company do not have significant concentration of credit risks on the receivables. The Company's maximum exposure to credit is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Impairment losses

The ageing of trade receivables at the reporting date is:

	Gross 2017 S$	Impairment losses 2017 S$	Gross 2016 S$	Impairment losses 2016 S$
Not past due	663,744	–	766,806	–
Past due 0-30 days	335,870	–	467,088	–
Past due 31-120 days	287,977	7,101	316,882	30,829
More than 120 days	461,260	461,260	431,813	431,813
	1,748,851	468,361	1,982,589	462,642

The change in impairment loss in respect of trade receivables during the year is as follows:

	2017 S$	2016 S$
At beginning of the year	462,642	516,130
Impairment loss recognised	48,762	–
Write off against allowance	(43,043)	(53,488)
At end of the year	468,361	462,642

Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 120 days. These receivables are mainly arising by customers that have a good record with the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amount S$	**Contractual cash flows S$**	**Within 1 year S$**	**1-5 years S$**
2017				
Trade and other payables	2,141,263	(2,141,263)	(2,141,263)	–
Finance lease liabilities	79,080	(84,811)	(42,976)	(41,835)
	2,220,343	(2,226,074)	(2,184,239)	(41,835)
2016				
Trade and other payables	2,377,153	(2,377,153)	(2,377,153)	–
Finance lease liabilities	117,901	(122,339)	(87,880)	(34,459)
	2,495,054	(2,499,492)	(2,465,033)	(34,459)

Interest rate risk

Interest rate risk is the potential changes in the value of assets and liabilities as a result of movements in interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's fixed deposits with financial institutions.

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased profit or loss by S$22,911 (2016: S$5,382). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Foreign currency risk

The Company incurs foreign currency risk on sales and purchases that are denominated in currencies other than Singapore dollars. The currencies giving rise to this risk are primarily Ringgit Malaysia (MYR) and United States dollars (USD).

The Company's exposures to foreign currencies are as follows:

	MYR S$	**USD S$**
2017		
Cash and cash equivalents	–	384,375
Trade and other payables	(9,965)	–
	(9,965)	384,375
2016		
Cash and cash equivalents	–	570,291
Trade and other payables	(12,161)	–
	(12,161)	570,291

Sensitivity analysis

A 10% strengthening of Singapore dollar as indicated below, against MYR and USD at 31 March would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant as indicated below:

	2017 Profit or loss $	2016 Profit or loss $
MYR	997	1,216
USD	(38,437)	(57,029)

A 10% weakening of Singapore dollar against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital base to support its business and maximise shareholders value. The Company has determined that it is in a sound capital position given its capital and resources available. The Company monitors the capital requirements to ensure that it is able to support its existing business.

The Company defined "capital" as including all components of equity. The capital structure of the Company consists of equity attributable to owners of the Company, comprising share capital, capital reserve and retained earnings.

There are no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Estimation of fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values. The carrying values of financial assets and liabilities approximate to their fair values due to the short period to maturity.

Financial instruments by category

	Note	Loans and receivables S$	Financial liabilities at amortised cost S$	Other liabilities within scope of FRS 39 S$	Total S$
2017					
Assets					
Trade and other receivables	6	3,487,164	–	–	3,487,164
Cash and cash equivalents	7	4,034,104	–	–	4,034,104
		7,521,268	–	–	7,521,268
Liabilities					
Trade and other payables	11	–	2,141,263	–	2,141,263
Finance lease liabilities	9	–	–	79,080	79,080
		–	2,141,263	79,080	2,220,343
2016					
Assets					
Trade and other receivables	6	3,832,088	–	–	3,832,088
Cash and cash equivalents	7	2,710,538	–	–	2,710,538
		6,542,626	–	–	6,542,626
Liabilities					
Trade and other payables	11	–	2,377,153	–	2,377,153
Finance lease liabilities	9	–	–	117,901	117,901
		–	2,377,153	117,901	2,495,054