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Island Landscape & Nursery Pte Limited
Registration Number: 197100747E

Annual Report
Year ended 31 March 2019

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 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS30 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the year 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	
Chin Lui Yen, Teresa	(Appointed on 30 May 2018)
Chithra Kandaswamy	(Appointed on 30 May 2018)
Nitin Hariyantlal Datanwala	(Appointed on 30 May 2018)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related companies are as follows:

Name of directors and company in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Ultimate holding company		
The Bombay Burmah Trading Corporation Ltd		
Ordinary shares fully paid		
Jayant Shripad Gadgil	750	750
Ness Wadia	5,000	18,600

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related companies, either at the beginning of the financial year or date of appointment, if later, 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

Chin Lui Yen, Teresa
Director

10 MAY 2019

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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 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS30.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and 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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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
10 May 2019

Statement of financial position
As at 31 March 2019

	Note	2019 S$	2018 S$
Assets			
Property, plant and equipment	4	1,210,584	1,576,925
Non-current asset		1,210,584	1,576,925
Inventories	5	990,440	1,018,180
Trade and other receivables	6	5,487,819	3,454,263
Prepayments		389,127	146,924
Cash and cash equivalents	7	4,745,384	5,276,272
Current assets		11,612,770	9,895,639
Total assets		12,823,354	11,472,564
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		7,222,385	6,451,591
Total equity		9,550,194	8,779,400
Liabilities			
Finance lease liabilities	9	41,097	77,198
Deferred tax liabilities	10	98,000	94,152
Non-current liabilities		139,097	171,350
Trade and other payables	11	2,976,636	2,343,305
Finance lease liabilities	9	36,102	37,012
Current tax liabilities		121,325	141,497
Current liabilities		3,134,063	2,521,814
Total liabilities		3,273,160	2,693,164
Total equity and liabilities		12,823,354	11,472,564

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

Statement of profit or loss and other comprehensive income
Year ended 31 March 2019

	Note	2019 S$	2018 S$
Revenue	12	12,632,240	11,472,164
Other income	13	29,738	16,721
Changes in inventories of finished goods and purchases		(2,818,838)	(2,480,466)
Maintenance costs		(3,439,284)	(2,760,674)
Other items of expense			
Salaries and employee benefits		(4,095,858)	(3,815,187)
Depreciation of property, plant and equipment		(420,245)	(429,180)
Foreign exchange gain/(loss)		86	(22,328)
Rental of premises and equipment		(282,334)	(297,833)
Interest on finance lease liabilities		(4,379)	(2,630)
Other operating expenses		(701,494)	(882,715)
		(5,504,224)	(5,449,873)
Profit before tax	14	899,632	797,872
Tax expense	15	(128,838)	(77,035)
Profit for the year/Total comprehensive income for the year		770,794	720,837

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

Statement of changes in equity
Year ended 31 March 2019

	Share capital S$	Capital reserve S$	Retained earnings S$	Total S$
At 1 April 2017	2,200,000	127,809	5,730,754	8,058,563
Total comprehensive income for the year				
Profit for the year	–	–	720,837	720,837
Total comprehensive income for the year	–	–	720,837	720,837
At 31 March 2018	2,200,000	127,809	6,451,591	8,779,400
At 1 April 2018	2,200,000	127,809	6,451,591	8,779,400
Total comprehensive income for the year				
Profit for the year	–	–	770,794	770,794
Total comprehensive income for the year	–	–	770,794	770,794
At 31 March 2019	2,200,000	127,809	7,222,385	9,550,194

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

Statement of cash flows
Year ended 31 March 2019

	Note	2019 S$	2018 S$
Cash flows from operating activities			
Profit for the year		770,794	720,837
Adjustments for:			
Depreciation of property, plant and equipment		420,245	429,180
Gain on disposal of property, plant and equipment		(6,900)	(7,000)
Expected credit losses ('ECLs') on trade receivables (reversed)/made		(47,528)	133,456
Interest expense		4,379	2,630
Interest income		(29,673)	(16,578)
Tax expense		128,838	77,035
		1,240,155	1,339,560
Changes in:			
– inventories		27,740	30,523
– trade and other receivables		(509,937)	(620,153)
– prepayments		(242,203)	66,387
– trade and other payables		615,331	204,042
Cash generated from operating activities		1,131,086	1,020,359
Interest paid		(4,379)	(2,630)
Interest received		29,673	16,578
Tax paid		(145,162)	(129,821)
Net cash from operating activities		1,011,218	904,486
Cash flows from investing activities			
Purchase of property, plant and equipment		(53,904)	(144,246)
Proceed from disposal of property, plant and equipment		6,900	7,000
Net cash used in investing activities		(47,004)	(137,246)
Cash flows from financing activities			
Repayment of finance lease liabilities		(37,011)	(42,670)
Changes in amounts due to a related party and the immediate holding company		(1,458,091)	517,598
Cash pledged		(54)	(277,735)
Net cash from financing activities		(1,495,156)	197,193
Net increase in cash and cash equivalents		(530,942)	964,433
Cash and cash equivalents at 1 April		4,865,061	3,900,628
Cash and cash equivalents at 31 March	7	4,334,119	4,865,061

__Non-cash transaction__

In the previous financial year, the Company acquired property, plant and equipment with an aggregate cost of S$222,046 of which S$77,800 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 10 May 2019.

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 at 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').

This is the first set of the Company's annual financial statements in which FRS 115 *Revenue from Contracts with Customers*, Clarifications to FRS 115 *Revenue from Contracts with Customers* (Amendments to FRS 115) and FRS 109 *Financial Instruments* have been applied.

The adoption of these FRSs, amendments to standards and interpretations did not have a material effect on the Company's statements of financial position, profit or loss and other comprehensive income and cash flows.

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 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 end of the reporting date are translated 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 translation are recognised in profit or loss.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade and other receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value to profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from 1 April 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 April 2018

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

Loans and receivables

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

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

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(vi) 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.

3.3 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.

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.

3.4 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.

3.5 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.

3.6 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 April 2018

The Company recognises loss allowances for Expected Credit Losses ('ECLs') on financial assets measured at amortised costs; and

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade and other receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 April 2018

A financial asset not carried at fair value through profit or loss was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event had 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 could be estimated reliably.

Objective evidence that financial assets were impaired could 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 would enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlated with defaults.

Loans and receivables

The Company considered evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables were assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost was 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 were recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continued to be recognised. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant assets were written off. If the amount of impairment loss subsequently decreased and the decrease could be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

(ii) 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 to reduce the carrying amounts of the 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.

3.7 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.

3.8 Revenue

Policy applicable from 1 April 2018

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation ('PO') by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus representing amounts due from customers is included under 'trade and other receivables'. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus representing amounts due to customers is included under 'trade and other payables'.

Rental income

Rental income arising from the rental of decorative plants is recognised as 'revenue' on a straight-line basis over the term of the lease.

Interest income

Interest income is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. Interest income is recognised under 'other income'.

Policy applicable before 1 April 2018

Sale of goods

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

Rendering of services

Revenue from services rendered was 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 was recognised immediately in profit or loss.

Rental income

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

Interest income

Interest income was recognised using the effective interest method.

3.9 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.

3.10 Finance costs

Finance cost is recognised in the profit and loss as it accrues using the effective interest method.

3.11 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.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

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.

3.12 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

FRS 116

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ('ROU') asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Company plans to apply FRS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply FRS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

The Company as lessee

The Company expects to measure lease liabilities by applying a single discount rate to their leased land. Furthermore, the Company is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Company is expected to use hindsight in determining the lease term.

The Company expects their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The Company expects an increase in ROU assets and lease liabilities of approximately S$460,000 as at 1 April 2019.

The nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

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 2017	3,932,992	2,013,851	598,827	260,963	345,924	245,926	7,398,483
Additions	–	153,085	7,045	6,350	8,516	47,050	222,046
Disposals	–	(186,764)	–	–	–	–	(186,764)
At 31 March 2018	3,932,992	1,980,172	605,872	267,313	354,440	292,976	7,433,765
Additions	–	35,247	10,898	2,500	5,259	–	53,904
Disposals	–	(8,163)	–	–	–	–	(8,163)
At 31 March 2019	3,932,992	2,007,256	616,770	269,813	359,699	292,976	7,479,506
Accumulated depreciation							
At 1 April 2017	2,795,295	1,614,788	526,050	219,771	276,233	182,287	5,614,424
Charge for the year	175,922	164,087	24,909	11,487	27,883	24,892	429,180
Disposals	–	(186,764)	–	–	–	–	(186,764)
At 31 March 2018	2,971,217	1,592,111	550,959	231,258	304,116	207,179	5,856,840
Charge for the year	170,061	166,390	23,266	12,168	25,438	22,922	420,245
Disposals	–	(8,163)	–	–	–	–	(8,163)
At 31 March 2019	3,141,278	1,750,338	574,225	243,426	329,554	230,101	6,268,922
Carrying amounts							
At 1 April 2017	1,137,697	399,063	72,777	41,192	69,691	63,639	1,784,059
At 31 March 2018	961,775	388,061	54,913	36,055	50,324	85,797	1,576,925
At 31 March 2019	791,714	256,918	42,545	26,387	30,145	62,875	1,210,584

At 31 March 2019, the Company has certain property, plant and equipment under finance leases with carrying amount of S$181,510 (2018: S$264,521).

5 Inventories

	2019 S$	2018 S$
Plants	477,499	467,314
Nursery hardware	429,109	474,168
Rental containers	83,832	76,698
	990,440	1,018,180

6 Trade and other receivables

	2019 S$	2018 S$
Trade receivables	2,850,000	2,360,403
Less: Allowance for impairment	(513,202)	(584,978)
	2,336,798	1,775,425
Deposits, including tender deposits	16,260	20,026
Amounts due from immediate holding company (non-trade)	3,119,911	1,643,820
Others	14,850	14,992
	5,487,819	3,454,263

Non-trade amounts due from the immediate holding company are unsecured, non-interest bearing and repayable on demand. There is no allowance for ECL arising from the outstanding balances as the ECL is not material.

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

7 Cash and cash equivalents

	2019 S$	2018 S$
Fixed deposits with banks	2,889,544	2,393,891
Cash at banks and in hand	1,855,840	2,882,381
	4,745,384	5,276,272
Cash pledged	(411,265)	(411,211)
Cash and cash equivalents in the statement of cash flows	4,334,119	4,865,061

The fixed deposits have short-term maturity periods and bear interest at weighted average effective rates of 1.33% (2018: 0.51%) per annum.

Cash balances of S$411,265 (2018: S$411,211), inventories, trade receivables, revenue and claims (both present and future) are pledged as security for banking facilities granted.

8 Share capital

	No. of shares 2019	No. of shares 2018
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

The Company has obligations under finance lease agreements that are payable as follows:

	2019			2018		
	Future minimum lease payments S$	Interest S$	Principal S$	Future minimum lease payments S$	Interest S$	Principal S$
Payable within 1 year	39,084	(2,982)	36,102	41,763	(4,751)	37,012
Payable after 1 year but within 5 years	42,299	(1,202)	41,097	81,383	(4,185)	77,198
Total	81,383	(4,184)	77,199	123,146	(8,936)	114,210

The weighted average effective interest rate at the reporting date is 2.58% (2018: 2.60%) 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 2017 S$	Recognised in profit or loss (note 15) S$	At 31 March 2018 S$	Recognised in profit or loss (note 15) S$	At 31 March 2019 S$
Property, plant and equipment	124,152	(30,000)	94,152	3,848	98,000

11 Trade and other payables

	2019 S$	2018 S$
Trade payables	1,703,905	1,327,591
Other payables	–	18,260
Amounts due to a related party (non-trade)	75,710	57,710
Accrued operating expenses	1,149,637	892,360
Unconsumed leave	47,384	47,384
	2,976,636	2,343,305

Amounts due to a related party are 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

	2019 S$	2018 S$
Sales of goods and services	5,140,958	4,798,030
Revenue from construction contracts	1,445,989	981,419
Rental income from decorative plants	6,045,293	5,692,715
	12,632,240	11,472,164

Due to the transition method in applying FRS 115, comparative information has not been restated to reflect the new requirement.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sales of goods and services

Nature of goods or services	The Company sells decorative plants and provides landscaping or rental services.
When revenue is recognised	Revenue from selling of decorative plants and provision of landscaping or rental services are recognised when goods are delivered or services is performed to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued on a monthly basis and are generally payable within 90 days.

Revenue from construction contracts

Nature of goods or services	The Company provides design consultation and landscaping related services.
When revenue is recognised	Revenue from construction contracts is recognised based on the percentage of completion by reference to surveys of work performed. The construction contracts qualify for over time revenue recognition.
Significant payment terms	Invoices are issued on a monthly basis and are generally payable within 90 days.

13 Other income

	2019 S$	2018 S$
Interest on fixed deposits	29,673	16,578
Sundry income	65	143
	29,738	16,721

14 Profit before tax

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

	2019 S$	2018 S$
Gain on disposal of property, plant and equipment	(6,900)	(7,000)
ECLs on trade receivables (reversed)/made	(47,528)	133,456
Contributions to defined contribution plans included in staff costs	333,681	326,719

15 Tax expense

	2019 S$	2018 S$
Current tax expense		
Current year	121,325	146,496
Adjustment for prior years	3,665	(39,461)
	124,990	107,035
Deferred tax expense		
Origination and reversal temporary differences	(32,103)	(2,492)
Adjustment for prior years	35,951	(27,508)
	3,848	(30,000)
Total tax expense	128,838	77,035

Reconciliation of effective tax rate

	2019 S$	2018 S$
Profit before tax	899,632	797,872
Tax using the Singapore tax rate of 17% (2018: 17%)	152,937	135,638
Non-deductible expenses	26,349	28,242
Tax exempt income and tax incentives	(17,425)	(40,426)
Adjustments for prior years	39,616	(66,969)
Others	(72,639)	20,550
	128,838	77,035

16 Significant related party transactions

Key management personnel compensation

The key management personnel compensation are as follows:

	2019 S$	2018 S$
Salary and other benefits	165,602	142,602
Contributions to defined contribution plans	16,915	14,025
	182,517	156,627

Related party transactions

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:

	2019 S$	2018 S$
Commission paid to immediate holding company	171,430	166,841
Purchases of goods with related parties:		
– rental of leasehold land	18,000	18,000

17 Commitments

The Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2019 S$	2018 S$
Within 1 year	252,000	252,000
After 1 year but within 5 years	231,000	483,000
	483,000	735,000

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 years. The lease of land was previously run for 20 years and had been expired during the financial year. Subsequently, the Company has 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
- market 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 risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amounts of financial assets represent the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets.

Trade and other receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available financial statements, credit agency information, industry information, and in some cases bank references. Sale limits are established for each customer, which represents the maximum open amount without requiring approval from the Board; these limits are reviewed quarterly. Customers failing to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company limits its exposure to credit risk from trade receivables by establishing maximum payment periods of 120 days.

The Company does not require collateral in respect of trade receivables. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

Exposure to credit risk

Expected credit loss assessment for trade and other receivables as at 1 April 2018 and 31 March 2019

The Company uses an allowance matrix to measure the ECLs of trade and other receivables.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 March 2019:

	Weighted average loss rate %	Gross carrying amount S$	ECLs S$	Credit impaired
31 March 2019				
Not past due	0.10	4,142,523	(500)	*No*
Past due 0-30 days	1.71	591,219	(8,792)	*No*
Past due 31-120 days	2.41	558,395	(12,360)	*No*
More than 120 days	95.78	708,884	(491,550)	*Yes*
		6,001,021	(513,202)	

Loss rates are based on actual credit loss experience over the past years with management considered the economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Comparative information under FRS 39

The ageing of trade and other receivables as at 31 March 2018 was as follows:

	Gross 2018 S$	Impairment losses 2018 S$
Not past due	2,444,121	–
Past due 0-30 days	580,466	–
Past due 31-120 days	473,348	43,671
More than 120 days	541,306	541,307
	4,039,241	584,978

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

Movements in allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Lifetime ECLs S$
At 1 April 2017 per FRS 39	468,361
ECLs made	133,456
Written off	(16,839)
At 31 March 2018 per FRS 39	584,978
Adjustment on initial application of FRS 109	–
At 1 April 2018 per FRS 109	584,978
ECLs reversed	(47,528)
Written off	(24,248)
At 31 March 2019 per FRS 109	513,202

Cash and cash equivalents

Cash and bank balances are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

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:

		Cash flows		
	Carrying amounts S$	**Contractual cash flows S$**	**Within 1 year S$**	**2-5 years S$**
2019				
Trade and other payables	2,976,636	(2,976,636)	(2,976,636)	–
Finance lease liabilities	77,199	(81,383)	(39,084)	(42,299)
	3,053,835	(3,058,019)	(3,015,720)	(42,299)
2018				
Trade and other payables	2,343,305	(2,343,305)	(2,343,305)	–
Finance lease liabilities	114,210	(123,146)	(41,763)	(81,383)
	2,457,515	(2,466,451)	(2,385,068)	(81,383)

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$28,895 (2018: S$23,939). 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$**
2019		
Cash and cash equivalents	–	373,640
Trade and other payables	(17,897)	–
	(17,897)	373,640

	MYR S$	USD S$
2018		
Cash and cash equivalents	–	361,622
Trade and other payables	(9,582)	–
	(9,582)	361,622

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:

	2019 Profit or loss $	2018 Profit or loss $
MYR	1,790	958
USD	(37,364)	(36,162)

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	Financial assets at amortised cost S$	Other financial liabilities S$	Total S$
2019				
Assets				
Trade and other receivables	6	5,487,819	–	5,487,819
Cash and cash equivalents	7	4,745,384	–	4,745,384
		10,233,203	–	10,233,203
Liabilities				
Trade and other payables	11	–	2,976,636	2,976,636
Finance lease liabilities	9	–	77,199	77,199
		–	3,053,835	3,053,835

	Note	Loans and receivables S$	Financial liabilities at amortised cost S$	Other liabilities within scope of FRS 39 S$	Total S$
2018					
Assets					
Trade and other receivables	6	3,454,263	–	–	3,454,263
Cash and cash equivalents	7	5,276,272	–	–	5,276,272
		8,730,535	–	–	8,730,535
Liabilities					
Trade and other payables	11	–	2,343,305	–	2,343,305
Finance lease liabilities	9	–	–	114,210	114,210
		–	2,343,305	114,210	2,457,515