KPMG

**Island Landscape & Nursery Pte Limited**
**Registration Number: 197100747E**

Annual Report
Year ended 31 March 2023

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

# 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 2023.

In our opinion:

(a) the financial statements set out on pages FS1 to FS31 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of 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 Companies Act 1967 and Financial Reporting Standards in Singapore; 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
Nitin Hariyantlal Datanwala
Ness Wadia
Chin Lui Yen, Teresa
Chithra Kandaswamy
Hong Kok Meng (Appointed on 2 May 2023)

# Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (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** | | |
| <u>Ordinary shares fully paid</u> | | |
| Jayant Shripad Gadgil | 750 | 750 |
| Ness Wadia | 21,600 | 21,600 |

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 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 options.

## Auditors

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

On behalf of the Board of Directors

**Jayant Shripad Gadgil**
*Director*

**Teresa Chin Lui Yen**
*Director*

16 May 2023

**KPMG LLP**
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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 2023, 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 FS31.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ('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 2023 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

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
16 May 2023

**Statement of financial position**
**As at 31 March 2023**

| | Note | 2023 S$ | 2022 S$ |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 4 | 3,796,554 | 4,175,856 |
| **Non-current asset** | | 3,796,554 | 4,175,856 |
| | | | |
| Inventories | 5 | 928,244 | 919,762 |
| Trade and other receivables | 6 | 2,249,738 | 2,702,095 |
| Prepayments | | 55,694 | 46,090 |
| Cash and cash equivalents | 7 | 4,518,602 | 8,340,641 |
| **Current assets** | | 7,752,278 | 12,008,588 |
| **Total assets** | | 11,548,832 | 16,184,444 |
| | | | |
| **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 | | 6,496,039 | 9,680,664 |
| **Total equity** | | 8,823,848 | 12,008,473 |
| | | | |
| **Liabilities** | | | |
| Lease liabilities | 9 | 4,535 | 149,129 |
| Deferred tax liabilities | 10 | 142,803 | 142,803 |
| **Non-current liabilities** | | 147,338 | 291,932 |
| | | | |
| Lease liabilities | 9 | 144,594 | 244,859 |
| Trade and other payables | 11 | 2,263,612 | 3,467,443 |
| Current tax liabilities | | 169,440 | 171,737 |
| **Current liabilities** | | 2,577,646 | 3,884,039 |
| **Total liabilities** | | 2,724,984 | 4,175,971 |
| **Total equity and liabilities** | | 11,548,832 | 16,184,444 |

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

**Statement of profit or loss and other comprehensive income**
**Year ended 31 March 2023**

| | Note | 2023<br>S$ | 2022<br>S$ |
|---|---|---|---|
| Revenue | 12 | 13,081,326 | 12,436,909 |
| Other income | 13 | 264,581 | 132,450 |
| Changes in inventories of finished goods and purchases | | (1,857,109) | (1,909,591) |
| Maintenance costs | | (4,930,736) | (4,915,225) |
| **Other items of expense** | | | |
| Salaries and employee benefits | | (3,760,897) | (3,377,269) |
| Depreciation of property, plant and equipment | | (906,441) | (477,560) |
| Foreign exchange loss | | (29,662) | (7,923) |
| Lease expense – short-term leases and low-value leases | | (48,320) | (196,035) |
| Interest on lease liabilities | | (7,503) | (3,358) |
| Other operating expenses | | (828,852) | (872,169) |
| | | (5,581,675) | (4,934,314) |
| **Profit before tax** | 14 | 976,387 | 810,229 |
| Tax expense | 15 | (161,012) | (125,078) |
| **Profit for the year/Total comprehensive income for the year** | | 815,375 | 685,151 |

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

**Statement of changes in equity**
**Year ended 31 March 2023**

| | Share capital S$ | Capital reserve S$ | Retained earnings S$ | Total S$ |
|---|---|---|---|---|
| At 1 April 2021 | 2,200,000 | 127,809 | 8,995,513 | 11,323,322 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | – | – | 685,151 | 685,151 |
| Total comprehensive income for the year | – | – | 685,151 | 685,151 |
| At 31 March 2022 | 2,200,000 | 127,809 | 9,680,664 | 12,008,473 |
| At 1 April 2022 | 2,200,000 | 127,809 | 9,680,664 | 12,008,473 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | – | – | 815,375 | 815,375 |
| Total comprehensive income for the year | – | – | 815,375 | 815,375 |
| **Transaction with owner recorded directly in equity** | | | | |
| **Distribution to owner** | | | | |
| Interim one-tier tax exempt dividends of $2.50 per share | – | – | (4,000,000) | (4,000,000) |
| Total transaction with owner | – | – | (4,000,000) | (4,000,000) |
| At 31 March 2023 | 2,200,000 | 127,809 | 6,496,039 | 8,823,848 |

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

**Statement of cash flows**
**Year ended 31 March 2023**

| | Note | 2023 S$ | 2022 S$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 815,375 | 685,151 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 906,441 | 477,560 |
| Gain on disposal of property, plant and equipment | | – | (3,000) |
| Allowance for impairment on trade receivables made | | 16,585 | 60,000 |
| Allowance for inventories write-down made | | 6,252 | 11,217 |
| Interest on lease liabilities | | 7,503 | 3,358 |
| Interest income on fixed deposits | | (14,435) | (13,711) |
| Tax expense | | 161,012 | 125,078 |
| | | 1,898,733 | 1,345,653 |
| Changes in: | | | |
| – inventories | | (14,734) | 21,148 |
| – trade and other receivables | | 435,772 | (511,211) |
| – prepayments | | (9,604) | 24,557 |
| – trade and other payables | | (1,218,901) | 145,658 |
| Cash generated from operating activities | | 1,091,266 | 1,025,805 |
| Interest received | | 14,435 | 13,711 |
| Tax paid | | (163,309) | (94,821) |
| **Net cash from operating activities** | | 942,392 | 944,695 |
| | | | |
| **Cash flows from investing activities** | | | |
| Changes in amounts due from/to immediate holding company | | 15,070 | 44,194 |
| Purchase of property, plant and equipment | | (527,139) | (2,526,835) |
| Proceed from disposal of property, plant and equipment | | – | 3,000 |
| **Net cash used in investing activities** | | (512,069) | (2,479,641) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of finance lease liabilities | | (252,362) | (55,493) |
| Fixed depostis pledged | | (174) | (19,685) |
| Dividend paid | | (4,000,000) | – |
| **Net cash used in financing activities** | | (4,252,536) | (75,178) |
| | | | |
| **Net decrease in cash and cash equivalents** | | (3,822,213) | (1,610,124) |
| Cash and cash equivalents at 1 April | | 7,537,585 | 9,147,709 |
| **Cash and cash equivalents at 31 March** | 7 | 3,715,372 | 7,537,585 |

***Non-cash transaction***

In year 2022, the Company acquired property, plant and equipment with an aggregate cost of S$3,035,462 of which S$408,627 was acquired by means of leases, S$100,000 was provision for reinstatement cost.

# 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 16 May 2023.

## 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.

During the financial year, 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 Financial Reporting Standards in Singapore ("FRSs").

### 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 ("S$"), 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. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in note 18 – measurement of expected credit loss allowance for trade receivables: key assumptions in determining the weighted-average loss rate.

# 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 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 translated 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 or minus, for an item not at fair value through 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**

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**

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**

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**

***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 liabilities: Classification, subsequent measurement and gains and losses**

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.

**(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 either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - 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.

Transferred assets are not derecognised when 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.

***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. Construction 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 |
| Leased properties | 1 to 3 years |

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

## 3.4 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.

## 3.5 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 3.6 Impairment

### (i) Non-derivative financial assets and contract assets

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs and contract assets.

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 or contract asset.

***Simplified approach***

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. 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. 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 assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

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

- the debtor 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 180 days past due.

The Company considers a contract asset to be in default when the customer is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held).

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 debtor;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost and contract assets 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.

**(ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and contract assets, 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 of disposal. 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.

***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimating liability for annual leave as a result of services rendered by employees up to the reporting date.

## 3.8 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## 3.9 Revenue

***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: contract assets'. 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: contract liabilities'.

***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'.

## 3.10 Finance costs

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

## 3.11 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

## 3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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 also includes any tax arising from dividends, 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.

Temporary differences in relation to a right-of-use asset and a lease liability for specific leases are regarded as a net package (the lease) for the purpose of recognising of deferred tax.

The measurement of deferred taxes reflects the tax consequences that would follow the manner which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflect uncertainty related to income taxes, if any.

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 taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

## 3.13 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

## 4 Property, plant and equipment

| | Nursery develop-ments S$ | Motor vehicles S$ | Office equipment S$ | Office furniture S$ | Machinery and equipment S$ | Computer software S$ | Leased properties S$ | Construction work-in progress S$ | Total S$ |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | |
| At 1 April 2021 | 3,932,992 | 2,040,483 | 667,272 | 276,364 | 372,371 | 331,476 | 1,473,438 | – | 9,094,396 |
| Additions | 100,000 | 128,218 | 18,444 | 440 | 107,560 | – | 370,627 | 2,310,173 | 3,035,462 |
| Disposals | – | (90,440) | – | – | – | – | – | – | (90,440) |
| At 31 March 2022 | 4,032,992 | 2,078,261 | 685,716 | 276,804 | 479,931 | 331,476 | 1,844,065 | 2,310,173 | 12,039,418 |
| Additions | 136,785 | – | 53,380 | 22,360 | 71,024 | – | – | 243,590 | 527,139 |
| Disposals | (2,626,371) | – | – | – | – | – | (281,325) | – | (2,907,696) |
| Transfers from/to | 2,553,763 | – | – | – | – | – | – | (2,553,763) | – |
| At 31 March 2023 | 4,097,169 | 2,078,261 | 739,096 | 299,164 | 550,955 | 331,476 | 1,562,740 | – | 9,658,861 |
| | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 April 2021 | 3,466,626 | 1,778,643 | 611,632 | 267,688 | 356,263 | 250,350 | 745,240 | – | 7,476,442 |
| Charge for the year | 180,104 | 101,820 | 23,259 | 3,490 | 8,705 | 13,452 | 146,730 | – | 477,560 |
| Disposals | – | (90,440) | – | – | – | – | – | – | (90,440) |
| At 31 March 2022 | 3,646,730 | 1,790,023 | 634,891 | 271,178 | 364,968 | 263,802 | 891,970 | – | 7,863,562 |
| Charge for the year | 428,109 | 107,499 | 22,521 | 5,151 | 35,334 | 13,451 | 294,376 | – | 906,441 |
| Disposals | (2,626,371) | – | – | – | – | – | (281,325) | – | (2,907,696) |
| Transfers from/to | – | – | (531) | 531 | – | – | – | – | – |
| At 31 March 2023 | 1,448,468 | 1,897,522 | 656,881 | 276,860 | 400,302 | 277,253 | 905,021 | – | 5,862,307 |
| | | | | | | | | | |
| **Carrying amounts** | | | | | | | | | |
| At 1 April 2021 | 466,366 | 261,840 | 55,640 | 8,676 | 16,108 | 81,126 | 728,198 | – | 1,617,954 |
| At 31 March 2022 | 386,262 | 288,238 | 50,825 | 5,626 | 114,963 | 67,674 | 952,095 | 2,310,173 | 4,175,856 |
| At 31 March 2023 | 2,648,701 | 180,739 | 82,215 | 22,304 | 150,653 | 54,223 | 657,719 | – | 3,796,554 |

## 5 Inventories

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Plants | 395,666 | 421,913 |
| Nursery hardware | 497,905 | 457,781 |
| Rental containers | 52,142 | 51,285 |
| | 945,713 | 930,979 |
| Less: Allowance for inventories write-down | (17,469) | (11,217) |
| | 928,244 | 919,762 |

The write-downs are included in ‘changes in inventories of finished goods and purchase’.

## 6 Trade and other receivables

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Trade receivables | 2,338,263 | 2,989,503 |
| Less: Allowance for impairment | (634,416) | (657,706) |
| | 1,703,847 | 2,331,797 |
| Deposits, including tender deposits | 36,316 | 66,857 |
| Others | 5,261 | 19,745 |
| | 1,745,424 | 2,418,399 |
| Contract assets | 504,314 | 283,696 |
| | 2,249,738 | 2,702,095 |

Contract assets relate to the Company’s rights to consideration for work completed but not billed at the reporting date on construction contracts with customers. The contract assets are transferred to trade receivables when the rights become unconditional. This occurs when the Company invoices the customer. The ECL on contract assets is not material.

The Company’s exposure to credit risk and impairment losses related to trade and other receivables are disclosed in note 18.

## 7 Cash and cash equivalents

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Fixed deposits with banks | 1,487,287 | 5,567,031 |
| Cash at banks and in hand | 3,031,315 | 2,773,610 |
| | 4,518,602 | 8,340,641 |
| Fixed deposits pledged | (803,230) | (803,056) |
| Cash and cash equivalents in the statement of cash flows | 3,715,372 | 7,537,585 |

The fixed deposits have short-term maturity periods and bear interest at weighted average effective rates of 0.09% (2022: 0.13%) per annum.

Fixed deposits with banks amounting to S$803,230 (2022: S$803,056) are pledged as security for banking facilities granted and credit card facilities.

The Company's exposure to credit and foreign currency risks and impairment losses related to cash and cash equivalents are disclosed in note 18.

## 8 Share capital

| | No. of shares | |
|---|---|---|
| | 2023 | 2022 |
| **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 Lease liabilities

| | 2023 S$ | 2022 S$ |
|---|---|---|
| **Non-current liabilities** | | |
| Lease liabilities | 4,535 | 149,129 |
| | | |
| **Current liabilities** | | |
| Lease liabilities | 144,594 | 244,859 |
| | 149,129 | 393,988 |

Information about the Company's exposure to liquidity risk is included in note 18.

***Terms and debt repayment schedule***

Terms and conditions of outstanding lease liabilities are as follows:

| | Nominal interest rate % | Year of maturity | 2023 Face value S$ | 2023 Carrying amount S$ | 2022 Face value S$ | 2022 Carrying amount S$ |
|---|---|---|---|---|---|---|
| Leased properties | 2.50% | 2023-2030 | 132,300 | 131,478 | 359,100 | 352,459 |
| Motor vehicles | 2.99% | 2021-2024 | 18,389 | 17,651 | 43,952 | 41,529 |
| | | | 150,689 | 149,129 | 403,052 | 393,988 |

***Reconciliation of movements of liabilities to cash flows arising from financing activities***

| | 2023 S$ | 2022 S$ |
|---|---|---|
| **Balance at 1 April** | 393,988 | 37,496 |
| **Changes from financing cash flows** | | |
| Payment of lease liabilities | (252,362) | (55,493) |
| **Other changes** | | |
| New leases during the year | – | 408,627 |
| Interest expense during the year | 7,503 | 3,358 |
| **Balance at 31 March** | 149,129 | 393,988 |

## 10 Deferred tax liabilities

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

| | At 1 April 2021 S$ | Recognised in profit or loss (note 15) S$ | At 31 March 2022 S$ | Recognised in profit or loss (note 15) S$ | At 31 March 2023 S$ |
|---|---|---|---|---|---|
| Property, plant and equipment | 98,000 | (33,829) | 64,171 | – | 64,171 |
| Provisions | – | (23,306) | (23,306) | – | (23,306) |
| Lease liabilities | – | 101,938 | 101,938 | – | 101,938 |
| | 98,000 | 44,803 | 142,803 | – | 142,803 |

## 11 Trade and other payables

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Trade payables | 752,279 | 2,288,930 |
| Amounts due to a related party (non-trade) | – | 49,710 |
| Amounts due to immediate holding company (non-trade) | 59,181 | 44,111 |
| Accrued operating expenses | 775,145 | 384,032 |
| Deferred grant income | 50,529 | – |
| | 1,637,134 | 2,766,783 |
| Accrued employee benefits | 626,478 | 600,660 |
| Provision for reinstatement cost | – | 100,000 |
| | 2,263,612 | 3,467,443 |

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

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

## 12 Revenue

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Sales of goods and services | 5,450,031 | 5,375,195 |
| Revenue from construction contracts | 2,185,163 | 1,791,273 |
| Rental income from decorative plants | 5,446,132 | 5,270,441 |
| | 13,081,326 | 12,436,909 |

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 and rental income***

| | |
|---|---|
| **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

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Interest on fixed deposits | 14,435 | 13,711 |
| Sundry income | 10,477 | 340 |
| Management fees | 96,000 | 72,000 |
| Government grant | 53,869 | 46,399 |
| Reimbursement of restoration cost incurred from related party | 89,800 | – |
| | 264,581 | 132,450 |

## 14 Profit before tax

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

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Gain on disposal of property, plant and equipment | – | (3,000) |
| Allowance for impairment on trade receivables made | 16,585 | 60,000 |
| Allowance for inventories write-down made | 6,252 | 11,217 |
| Contributions to defined contribution plans included in staff costs | 304,047 | 283,864 |

## 15 Tax expense

| | 2023 S$ | 2022 S$ |
|---|---|---|
| **Current tax expense** | | |
| Current year | 161,012 | 171,736 |
| Adjustment for prior years | – | (91,461) |
| | 161,012 | 80,275 |

| | 2023 S$ | 2022 S$ |
|---|---|---|
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | – | (38,479) |
| Adjustment for prior years | – | 83,282 |
| | – | 44,803 |
| Tax expense | 161,012 | 125,078 |

***Reconciliation of effective tax rate***

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Profit before tax | 976,387 | 810,229 |
| Tax using the Singapore tax rate of 17% (2022: 17%) | 165,986 | 137,739 |
| Non-deductible expenses | 5,043 | 20,831 |
| Tax exempt income and tax incentives | (17,425) | (25,313) |
| Adjustments for prior years | – | (8,179) |
| Others | 7,408 | – |
| | 161,012 | 125,078 |

## 16 Significant related party transactions

***Key management personnel compensation***

The key management personnel compensation are as follows:

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Salary and other benefits | 166,281 | 164,440 |
| Contributions to defined contribution plans | 15,249 | 16,120 |
| | 181,530 | 180,560 |

Other than disclosed above, four of the directors did not earn any directors' fees or other remuneration in respect of his appointment as director of the Company during the current and prior year. These directors are not paid directly by the Company but received remuneration from the Company's related company in respect of their services in the larger group which includes the Company. No apportionment has been made for the services provided by these directors to the Company are incidental to their responsibility to the larger group.

***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:

| | 2023 S$ | 2022 S$ |
|---|---|---|
| Commission fee | | |
| − immediate holding company | 154,866 | 146,101 |
| | | |
| Rental fee/(income) | | |
| − immediate holding company | (64,300) | (64,200) |
| − related party | 44,520 | 18,000 |
| | | |
| Expenses recharged to | | |
| − immediate holding company | (86,712) | (63,983) |
| − related party | (89,800) | − |
| | | |
| Payment on behalf of | | |
| − related party | (8,350) | − |

## 17 Leases

**Leases as lessee (FRS 116)**

The Company leases office and land. The leased properties typically run for a period of 12 months to 10 years. In addition, the Company also entered into hire purchase agreements for the acquisition of motor vehicles for a repayment period of 3 to 5 years. Information about leases for which the Company is a lessee is presented below.

**Right-of-use assets**

| | Motor vehicles | | Leased properties | |
|---|---|---|---|---|
| | 2023 S$ | 2022 S$ | 2023 S$ | 2022 S$ |
| Balance at 1 April | 180,314 | 175,904 | 952,095 | 728,198 |
| Addition during the year | − | 84,100 | − | 370,627 |
| Depreciation charge for the year | (76,545) | (79,690) | (294,376) | (146,730) |
| **Balance at 31 March** | 103,769 | 180,314 | 657,719 | 952,095 |

**Amounts recognised in profit or loss**

| | 2023 S$ | 2022 S$ |
|---|---|---|
| **Leases under FRS 116** | | |
| Interest on lease liabilities | 7,503 | 3,358 |
| Lease expense – short-term leases and low-value leases | 48,320 | 196,035 |

**Amounts recognised in statement of cash flows**

| | 2023 S$ | 2022 S$ |
|---|---|---|
| **Total cash outflow for leases** | (252,362) | (55,493) |

## 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 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 180 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 receivables***

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

| | Weighted average loss rate % | Gross carrying amount S$ | ECLs S$ | Credit impaired |
|---|---|---|---|---|
| **31 March 2023** | | | | |
| Not past due | –* | 893,823 | –* | *No* |
| Past due 0-180 days | –* | 810,024 | –* | *No* |
| Past due 181-365 days | 100 | 56,503 | (56,503) | *Yes* |
| More than 365 days | 100 | 577,913 | (577,913) | *Yes* |
| | | 2,338,263 | (634,416) | |
| **31 March 2022** | | | | |
| Not past due | –* | 841,372 | –* | *No* |
| Past due 0-180 days | –* | 1,317,376 | –* | *No* |
| Past due 181-365 days | 8 | 187,952 | (14,903) | *Yes* |
| More than 365 days | 100 | 642,803 | (642,803) | *Yes* |
| | | 2,989,503 | (657,706) | |

* *weighted average rates are insignificant*

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.

***Movements in allowance for impairment in respect of trade receivables***

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

| | 2023<br>S$ | 2022<br>S$ |
|---|---|---|
| Balance at 1 April | 657,706 | 736,677 |
| Allowance made | 16,585 | 60,000 |
| Written off | (39,875) | (138,971) |
| Balance at 31 March | 634,416 | 657,706 |

***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<br>S$ | Contractual cash flows<br>S$ | Within 1 year<br>S$ | 2-5 years<br>S$ |
| **2023** | | | | |
| Trade and other payables* | 1,637,134 | (1,637,134) | (1,637,134) | – |
| Lease liabilities | 149,129 | (150,689) | (146,112) | (4,577) |
| | 1,786,263 | (1,787,823) | (1,783,246) | (4,577) |
| **2022** | | | | |
| Trade and other payables* | 2,766,783 | (2,766,783) | (2,766,783) | – |
| Lease liabilities | 393,988 | (403,052) | (252,363) | (150,689) |
| | 3,160,771 | (3,169,835) | (3,019,146) | (150,689) |

* *Excludes accrued employee benefits and provision for restoration cost*

***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$14,873 (2022: S$55,670). 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$** | **USD S$** |
|---|---|---|
| **2023** | | |
| Cash and cash equivalents | – | 1,046,049 |
| Trade and other payables | (1,416) | – |
| | (1,416) | 1,046,049 |
| **2022** | | |
| Cash and cash equivalents | – | 1,060,031 |
| Trade and other payables | (106,846) | – |
| | (106,846) | 1,060,031 |

*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:

| | **2023 Profit or loss S$** | **2022 Profit or loss S$** |
|---|---|---|
| MYR | 142 | 10,685 |
| USD | (104,605) | (106,003) |

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 owner 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. Further, the fair value disclosure of lease liabilities is not required.

***Financial instruments by category***

| | Note | Financial assets at amortised cost S$ | Financial liabilities at amortised cost S$ | Total S$ |
|---|---|---|---|---|
| **2023** | | | | |
| **Assets** | | | | |
| Trade and other receivables* | 6 | 1,745,424 | – | 1,745,424 |
| Cash and cash equivalents | 7 | 4,518,602 | – | 4,518,602 |
| | | 6,264,026 | – | 6,264,026 |
| **Liabilities** | | | | |
| Lease liabilities | 9 | – | 149,129 | 149,129 |
| Trade and other payables** | 11 | – | 1,637,134 | 1,637,134 |
| | | – | 1,786,263 | 1,786,263 |
| **2022** | | | | |
| **Assets** | | | | |
| Trade and other receivables* | 6 | 2,418,399 | – | 2,418,399 |
| Cash and cash equivalents | 7 | 8,340,641 | – | 8,340,641 |
| | | 10,759,040 | – | 10,759,040 |
| **Liabilities** | | | | |
| Lease liabilities | 9 | – | 393,988 | 393,988 |
| Trade and other payables** | 11 | – | 2,766,783 | 2,766,783 |
| | | – | 3,160,771 | 3,160,771 |

* *Excludes contract assets*
** *Excludes accrued employee benefits and provision for restoration cost*