

FOOLPROOF (SG) PTE. LTD.

*(Incorporated in the Republic of
Singapore)*

(Registration Number: 200917141Z)

ANNUAL REPORT

For the financial year ended 31 March 2018

FOOLPROOF (SG) PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2018

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FOOLPROOF (SG) PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

The Directors present their statement to the shareholder together with the audited financial statements of the Company for the financial year ended 31 March 2018.

In the opinion of the directors,

- (a) the financial statements set out on pages 4 to 24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Marc Oldman
Peter John Ballard
Hong Khai Seng

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objective was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of Directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares in, or debentures of, the Company and its related corporations.

Share options

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

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

FOOLPROOF (SG) PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

Independent auditor

Deloitte , Public Accountants & Chartered Accountants of Singapore were appointed as independent auditors during the period and have has expressed its willingness to accept re-appointment.

On behalf of the directors

Marc Oldman
Director

Hong Khai Seng
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF FOOLPROOF (SG) PTE. LTD.

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Foolproof (SG) Pte. Ltd. ("the Company") 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 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF FOOLPROOF (SG) PTE. LTD. (continued)

Other Information (continued)

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 on the other information, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
FOOLPROOF (SG) PTE. LTD. (continued)**

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte LLP

Public Accountants and Chartered Accountants

Singapore, [\[Date\]](#)

FOOLPROOF (SG) PTE. LTD.**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 March 2018*

	Note	01-04-2017 to 31-03-2018 S \$	01-01-2017 to 31-03-2017 S \$
Turnover	3	2,374,068	443,011
Cost of sales		(1,847,397)	(54,348)
Gross profit		<hr/> 526,671	<hr/> 388,663
Administrative expenses		(496,626)	(346,233)
Other operating income		189,611	99,669
Profit/(loss) before taxation	4	<hr/> 219,656	<hr/> 142,099
Tax on profit/(loss)	5	(3,702)	-
Profit for the financial year / period, representing total comprehensive income for the year/ period		<hr/> <hr/> 215,954	<hr/> <hr/> 142,099

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

FOOLPROOF (SG) PTE. LTD.**BALANCE SHEET***As at 31 March 2018*

	Note	31.03.2018	31.03.2017
		S\$	S\$
ASSETS			
Current assets			
Cash and bank balances	6	211,913	440,296
Trade and other receivables	7	1,339,132	162,057
Other current assets	8	17,968	81,383
		1,569,013	683,736
Non-current assets			
Plant and equipment	9	20,654	61,375
Deferred income tax asset	5		
		20,654	61,375
Total assets		1,589,667	745,111
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,325,184	691,685
Other Current Liabilities		148,152	139,213
Deferred Capital Grant		-	13,834
Total liabilities		1,473,336	844,732
NET ASSETS		116,331	(99,621)
EQUITY			
Share capital	12	52,215	52,215
Retained earnings		64,116	(151,836)
Total equity		116,331	(99,621)

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

FOOLPROOF (SG) PTE. LTD.**STATEMENT OF CHANGES IN EQUITY***For the financial year ended 31 March 2018*

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Note	\$	\$	\$
Balance as at 01.04.2017	52,215	(151,836)	(99,621)
Total comprehensive profit		215,954	215,954
Dividends			
Balance as at 31.03.2018	52,215	64,116	116,331
Balance as at 01.01.2017	52,215	(293,935)	(241,720)
Total comprehensive income		142,099	142,099
Dividends			
Balance as at 31.03.2017	52,215	(151,836)	(99,621)

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

FOOLPROOF (SG) PTE. LTD.**STATEMENT OF CASH FLOWS***For the financial year ended 31 March 2017*

	01.04.2017 to 31.03.2018 S\$	01.01.2017 to 31.03.2017 S\$
Cash flows from operating activities		
Net (loss)/profit	215,954	142,099
Adjustments for:		
Income tax expense/(credit)		-
Depreciation	41,624	11,620
Unrealised gain on foreign exchange		-
Operating profit before changes in working capital	257,578	153,719
Changes in working capital:		
Trade and other receivables	(1,177,077)	53,214
Other current assets	63,415	-
Trade and other payables	633,499	76,713
Other Ccurrent liabilities	(4,895)	-
Income tax paid		
Net cash provided by operating activities	(227,480)	283,646
Cash flows from investing activity		
Purchase of property, plant and equipment	(903)	(5,973)
Cash used in investing activity	(903)	(5,973)
Cash flows from financing activity		
Dividends paid		
Cash used in financing activity	-	-
Net (decrease)/increase in cash and bank balances	(228,383)	277,673
Cash and bank balances at beginning of financial year	440,296	162,623
Cash and bank balances at end of financial year	211,913	440,296

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

1. General Information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 25 Seah Street, #03-02 Singapore 188381. The principal place of business is 25 Seah Street, #03-02 Singapore 188381.

The principal activities of the Company are to provide experience design services. The company helps global brands design better, and more relevant, digital products and services for customers based on a deep understanding of consumer behaviour, their clients' business and new technology

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain accounting estimates and assumptions.

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from customers for the rendering of services in the ordinary course of the Company's activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

Revenue from the provision of the experience design services is recognised when the services are rendered and the customers have accepted the service and collectability of the related receivable is reasonably assured.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.3 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

2.4 Income taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rate and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability and affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.5 Loans and receivables

Bank balances
Trade and other receivables
Refundable deposits
Advances to employees

Bank balances, trade and other receivables, refundable deposits and advances to employees are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.6 Plant and equipment

Plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

	<u>Useful lives</u>
Furniture and Fixtures	3 years
Computers and software	3 years
Improvement to leasehold premises	3 - 5 years
Office Equipment	3 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2.8 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of the financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.9 Operating leases

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.10 Employee compensation

(a) *Defined contribution plans*

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

FOOLPROOF (SG) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

2.10 Employee compensation (continued)

(b) *Employee leave entitlements*

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

2.11 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Dividends

Dividends to the Company's shareholder are recognised when the dividends are approved for payment.

3. Revenue and other gains

	01.04.2017 to 31.03.2018 S\$	01.01.2017 to 31.03.2017 S\$
Rendering of services including project outcost recharge	2,374,068	443,011
	2,374,068	443,011

FOOLPROOF (SG) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2018***4. Profit Before Tax:**

	01.04.2017 to 31.03.2018 S\$	01.01.2017 to 31.03.2017 S\$
This is determined after charging:		
Salaries and other staff cost	1,065,221	234,531
Employer's contributions to CPF	105,798	18,392
Depreciation	41,624	11,620
Office Rental	87,870	21600
	<u>1,290,513</u>	<u>265,143</u>

5. Income tax**(a) Income tax (credit)/expense**

	01.04.2017 to 31.03.2018 S\$	01.01.2017 to 31.03.2017 S\$
Tax expense attributable to profit is made up of:		
- Current income tax - Singapore	3,702	-
- Deferred income tax	-	-
	<u>3,702</u>	<u>-</u>
Profit before income tax	<u>219,656</u>	<u>142,099</u>
Tax expense calculated at the rate of 17% (2016: 17%)	37,342	24,157
Effects of:		
- Tax effect on non-deductible expenses	-	553
- Tax effect on unrecognised deferred tax	(33,640)	(20,700)
- Tax effect on non-taxable income	-	(4,010)
	<u>3,702</u>	<u>-</u>

FOOLPROOF (SG) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2018***5 Income tax (continued)**

(b) <u>Movements in current income tax liability</u>	01.04.2017 to 31.03.2018 S\$	01.01.2017 to 31.03.2017 S\$
Beginning of financial year	-	-
Income tax paid	-	-
Tax payable on profits for current financial year	3,702	-
End of financial year	<u>3,702</u>	<u>-</u>

(c) Deferred income tax asset

The movements in the deferred income tax account areas follows:

	01.04.2017 to 31.03.2018 S\$	01.01.2017 to 31.03.2017 S\$
Beginning of financial year	-	-
Charged profit or loss	-	-
End of financial year	<u>-</u>	<u>-</u>

Net deferred income tax assets to be settled from the balance sheet date as follows:

Company had unutilised tax losses SGD176,072 as on 31.03.2017 on which deferred tax asset was not recognized as on 31.03.2017, because it was not probable at that time that future tax profits would be available to Company to utilise the benefits. Company has generated sufficient profits in FY17-18 and losses have been utilised against the profits generated

FOOLPROOF (SG) PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2018***6. Cash and bank balances**

	31.03.2018	31.03.2017
	S\$	S\$
Cash on hand	-	108
Cash at bank and on hand	211,913	440,188
	<u>211,913</u>	<u>440,296</u>

At the balance sheet date, the carrying amounts of cash and bank balances approximate their fair values and are denominated in Singapore dollar.

7. Trade and other receivables

	31.03.2018	31.03.2017
	S\$	S\$
Trade receivables		
- third parties	897,073	57,169
- holding corporation	442,059	104,888
	<u>1,339,132</u>	<u>162,057</u>

At the balance sheet date, the carrying amounts of trade and other receivables approximate their fair values.

8. Other current assets

	31.03.2018	31.03.2017
	S\$	S\$
Refundable deposits	16,390	15,730
Prepayments	525	-
Grants Receivable	1,053	65,653
	<u>17,968</u>	<u>81,383</u>

At the balance sheet date, the carrying amounts of other current assets, excluding prepayments, approximate their fair values and are denominated in Singapore dollar.

FOOLPROOF (SG) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

9. Plant and equipment

	Computers and Software S\$	Furniture and Fixtures S\$	Improvement to leasehold premises S\$	Office Equipment S\$	Total S\$
Cost					
At 01.01.2017	69,096	44,080	66,728	40,191	220,095
Additions		780			780
Disposals					
At 31.03.2017 and 01.04.2017	69,096	44,860	66,728	40,191	220,875
Additions	653			250	903
Disposals					
At 31.03.2018	69,749	44,860	66,728	40,440	221,778
Accumulated depreciation					
At 01.01.2017	37,400	38,397	37,381	34,701	147,880
Charge for the year	3,576	779	5,579	1,686	11,620
Disposals					
At 31.03.2017 and 01.04.2017	40,976	39,176	42,960	36,387	159,500
Charge for the year	14,535	3,134	20,570	3,385	41,624
Disposals					
At 31.03.2018	55,511	42,310	63,530	39,772	201,123
Net book value					
At 31.03.2017	28,120	5,684	23,768	3,803	61,375
At 31.03.2018	14,238	2,550	3,198	668	20,654

10. Trade and other payables

	31.03.2018 S\$	31.03.2017 S\$
Trade payables		
- third parties	31,610	-
- related parties	528,878	-
	560,488	-
Due to holding corporation – non-trade Advances	764,696	691,685
	764,696	691,685
	1,325,184	691,685

FOOLPROOF (SG) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

10. Trade and other payables (continued)

The non-trade balance due to the holding corporation is unsecured, interest-free and repayable on demand.

At the balance sheet date, the carrying amounts of trade and other payables approximate their fair values and are denominated in Singapore dollar.

11. Immediate and ultimate holding corporation

The Company is a wholly owned subsidiary of Foolproof Limited, a company incorporated in England, United Kingdom and ultimate holding company is Zensar Technologies Limited, a company incorporated in India.

12. Share capital

The Company's share capital comprises fully paid-up 23,000 (2017: 23,000) ordinary shares with no par value, amounting to a total of \$52,215 (2017: \$52,215).

13. Operating lease commitments

The Company leases premises under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	31.03.2018	31.03.2017
	S\$	S\$
- Within one year	90,720	77,040
- One to two years	75,600	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

14. Financial risk management

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk.

(a) Market risk

(i) *Currency risk*

The Company's currency risk exposure results from holding company's transactions denominated in foreign currencies, primarily Great British Pounds (GBP). Considering the volume and number of transactions involved, the management does not feel the need to engage in hedging and other measures.

No sensitivity analysis is performed on the currency risk as the impact is insignificant.

(ii) *Interest rate risk*

The Company has insignificant financial assets or liabilities that are exposed to interest rate risk.

No sensitivity analysis is performed on the interest rate risk as the impact is insignificant.

(b) Credit risk

The Company has policies in place to ensure that services are provided to customers with adequate financial standing and appropriate credit history.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instrument presented on the balance sheet. The Company's major classes of financial assets are cash and bank balances, trade receivable from third parties, and refundable deposits.

(i) *Financial assets that are neither past due nor impaired*

Cash and bank balances that are neither past due nor impaired are mainly balances with banks which have high credit-ratings as determined by international credit-rating agencies. Trade receivables are generally settled within one month after the date of invoice issued by the Company. Refundable deposits are generally settled at the time of vacation of leased premise.

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2018*

15. Financial risk management (continued)**(b) Credit risk (continued)****(ii) Financial assets that are past due and/or impaired**

There is no class of financial assets that is past due and/or impaired. The amounts presented in the statement of financial position is net of allowances for impairment of receivables, estimated by management based on prior experience and the current economic environment.

The age analysis of receivables is as follows.

	31.03.2018	31.03.2017
	S\$	S\$
- Current	189,500	145,514
- 31 to 90 days	341,942	-
- over 90 days	225,765	49,845
	<u>757,206</u>	<u>195,359</u>

Receivables over 90 days are primarily related to receivable from holding corporation and management do not estimate any impairment of the same.

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and available funding through an open committed credit line from its holding corporation to enable it to meet its operational requirements. The liquidity risk is minimised by the amount of cash and cash equivalents as disclosed in Note 6 to the financial statements

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing equity instruments when necessary.

The Board of Directors monitors its capital based on total equity. The Company is not subject to any externally imposed capital requirements.

FOOLPROOF (SG) PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

16. Related party transactions

The following transactions took place between the Company and related parties at terms agreed by the parties concerned:

	01.04.2017 to 31.03.2018 S\$	01.01.2017 to 31.03.2017 S\$
Sales to Holding corporation	472,418	134,676
Procurement charges from related corporation	528,878	-

17. New accounting standards and FRS interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2017 and which the Company has not early adopted:

- **FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)**

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- **FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018) (continued)**

- Step 1: Identify the contract(s) with a customer
 - Step 2: Identify the performance obligations in the contract
 - Step 3: Determine the transaction price
 - Step 4: Allocate the transaction price to the performance obligations in the contract
 - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

17. New accounting standards and FRS interpretations (continued)

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying FRS115 on the Company's financial statements and plans to adopt the standard on the required effective date.

- **FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)**

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There were no changes to classification and measurement of financial liabilities except for the recognition in own credit risk in OCI, for liabilities designated at fair value through profit or loss.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

17. New accounting standards and FRS interpretations (continued)

- **FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)** (continued)

The new standard also introduces expanded disclosure requirements and changes in presentation.

Management is currently assessing the effects of applying FRS109 on the Company's financial statements and plans to adopt the standard on the required effective date.

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

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

The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of \$ 24,480 (Note 14). However, the Company has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

Management is currently assessing the effects of applying FRS116 on the Company's financial statements and plans to adopt the standard on the required effective date.

18. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Foolproof (SG) Pte. Ltd. on April 24, 2018