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**GLOBAL AUTOMOTIVE & APPLIANCES PTE. LTD.**

*(Company Registration No. 200822011Z)*

Financial Statements For The Year Ended March 31, 2020

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# Global Automotive & Appliances Pte. Ltd.

*(Incorporated in the Republic of Singapore)*

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## Directors

Diptanil Saha  
Ng See Hui Michelle  
Allen Lawrence

## Secretary

Siew Boon Him

## Registered Office

24 Raffles Place  
#15-00 Clifford Centre  
Singapore 048621

## Auditors

Natarajan & Swaminathan  
Chartered Accountants of Singapore  
1 North Bridge Road  
#19-04/05 High Street Centre  
Singapore 179094

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# Global Automotive & Appliances Pte. Ltd.

## Directors' Statement

For the financial year ended March 31, 2020

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2020.

### 1 Directors

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

Diptanil Saha

Ng See Hui Michelle

Allen Lawrence

### 2 Arrangements to enable directors to acquire shares and debentures

Neither during nor at the end of 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 through the acquisition of shares in, or debentures of the Company or any other body corporate.

### 3 Directors' interests in shares and debentures

The directors holding office at the end of the financial year had no interests in shares, debentures, warrants or share options of the Company as recorded in the Register of Directors' Shareholding kept by the Company under Section 164 of the Singapore Companies Act, except as follows:

<u>Name of director</u>	<u>At beginning of year</u>	<u>At end of year</u>
<i>Number of ordinary shares</i>		
Diptanil Saha	1	1

The above director is holding one share as nominee of the holding company, IFB Industries Limited, India (IFBIL) a company incorporated in the Republic of India which is also the ultimate holding company.

### 4 Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares of the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

### 5 Financial results

The Company has recorded a total Revenue of 3.389 Million USD during the Year under review which is its second year of business operation. The summarized financial performances are enumerated below:

# Global Automotive & Appliances Pte. Ltd.

## Directors' Statement

For the financial year ended March 31, 2020

### 5 Financial results (Cont'd)

<u>Particulars</u>	<u>2019 - 2020</u>	[In USD Million]
		<u>2018 - 2019</u>
Sales & Other Income	3.39	2.65
Total Expenditure	3.30	2.45
EBDITA	0.09	0.20
PBDT	0.09	0.20
Depreciation	0.00	0.00
PBT	0.09	0.19
Tax	0.01	0.02
PAT	0.08	0.17

### 6 Review of operations

The Company achieved a revenue of USD3.39 Million an increase of 28% as compared to USD2.65 Million in the previous year. Increase in revenue was primarily on account of addition of new parts and increase in volume besides the sale of capital machinery to the subsidiary.

Expenditure includes cost of materials, freight & insurance, overheads and administrative expenses. The revenue and PBDIT % has gone down compared to last year primarily as increase in other overheads. Besides schedule variation from our major Indian customer, the global economic slowdown in India along with US China tariff war has affected our Revenues and Supply Chain.

### 7 Future outlook

Our estimate is market would be subdued till the end of Q2 and slowly would begin to rise then on. Though business from customers have reduced substantially however we are hopeful sales should see reasonable recovery from Q3 and would focus to generate cash profit to maintain positive cash flow to be in business.

### 8 Subsidiary operation

#### Financial Results:

<u>Particulars</u>	<u>2019 - 2020</u>	[In THB Million]
		<u>2018 - 2019</u>
Sales & Other Income	177.88	143.98
Total Expenditure	164.70	137.34
EBDITA [from Operation]	13.18	6.64
Interest & Exchange Rate Loss	2.35	0.16
PBDT	10.83	6.48
Depreciation	6.34	6.33
PBT	4.49	0.15

During the year under review, Thai Automotive & Appliance Ltd., [TAAL] achieved reasonable sales growth. TAAL has achieved revenue of 177.88 Million THB, which is a 23.5% increase compared to 143.98 Million THB as achieved during last year 2018-19.

There is a significant increase of 36.4% in local sales compared to last financial year (173.59 Vs 127.3). Export Sales dropped from 16.6 Million THB to 4.08 Million THB due to phasing out of a few Parts from Customer.

# Global Automotive & Appliances Pte. Ltd.

## Directors' Statement

For the financial year ended March 31, 2020

### 9 Auditors

The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment. The audit fees will be decided on the basis of quantum of the work/transactions for the year.

### 10 Directors' opinion

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of Singapore Companies Act, Cap. 50 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 the fall due.

On behalf of the board of directors



*Diptanil Saha*



*Allen Lawrence*

Date: June 25, 2020

INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF GLOBAL AUTOMOTIVE & APPLIANCES PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020  
*(Incorporated in the Republic of Singapore)*

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## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of GLOBAL AUTOMOTIVE & APPLIANCES PTE. LTD. (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). 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 (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 4 to the financial statements. The Company has investment in subsidiary amounting to US\$4,283,000. The net asset value and net profit of the subsidiary as per its last audited financial statements for the year ended March 31, 2020 is about US\$2,664,081 and US\$139,979 respectively. The management does not consider any impairment is necessary for the cost of investment based on future projections of results. The forecast are based on several factors and actual results may differ from forecast.

### Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 3.

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

INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF GLOBAL AUTOMOTIVE & APPLIANCES PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020  
*(Incorporated in the Republic of Singapore)*

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Other Information *(Cont'd)*

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 FRS, 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 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 SSA 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 SSA, 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.

INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF GLOBAL AUTOMOTIVE & APPLIANCES PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020  
*(Incorporated in the Republic of Singapore)*

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Auditors' Responsibilities for the Audit of the Financial Statements *(Cont'd)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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.

*Natarajan & Swaminathan*

Natarajan & Swaminathan  
Public Accountants and Chartered Accountants Singapore

Date: June 25, 2020



# Global Automotive & Appliances Pte. Ltd.

## Statement of Financial Position

As at March 31, 2020

	Note	<u>2020</u>	<u>2019</u>
		US\$	US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	3	2,821	5,641
Investment in subsidiary	4	<u>4,283,000</u>	<u>4,283,000</u>
<b>Total non-current assets</b>		<u>4,285,821</u>	<u>4,288,641</u>
<b>Current assets</b>			
Inventories		10,980	-
Trade receivables	5	972,568	1,192,366
Other receivable	6	6,136	6,136
Prepayments		1,033	-
Cash at banks	7	<u>306,322</u>	<u>86,842</u>
<b>Total current assets</b>		<u>1,297,039</u>	<u>1,285,344</u>
<b>Total assets</b>		<u><u>5,582,860</u></u>	<u><u>5,573,985</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	8	4,615,000	4,615,000
Accumulated profits		<u>165,535</u>	<u>81,152</u>
<b>Total equity</b>		<u>4,780,535</u>	<u>4,696,152</u>
<b>Current liabilities</b>			
Trade payables and accruals	9	788,055	857,358
Other payable	10	6,370	-
Bank overdraft	11	-	75
Income tax payable		<u>7,900</u>	<u>20,400</u>
<b>Total current liabilities</b>		<u>802,325</u>	<u>877,833</u>
<b>Total liabilities</b>		<u>802,325</u>	<u>877,833</u>
<b>Total equity and liabilities</b>		<u><u>5,582,860</u></u>	<u><u>5,573,985</u></u>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

# Global Automotive & Appliances Pte. Ltd.

## Statement of Comprehensive Income

For the financial year ended March 31, 2020

	Note	<u>2020</u>	<u>2019</u>
		US\$	US\$
Revenue	12	3,389,410	2,651,301
Cost of sales		(3,006,528)	(2,259,773)
Gross profit		382,882	391,528
Other income	13	30	26
Selling and distribution expenses		(77,683)	(95,366)
Administrative expenses		(152,443)	(51,205)
Other operating expenses		(62,189)	(46,799)
Finance cost	14	(3,222)	-
Profit before income tax	15	87,375	198,184
Income tax expense	16	(2,992)	(20,400)
Profit after income tax		84,383	177,784
Other comprehensive income		-	-
Total comprehensive income for the year		<u>84,383</u>	<u>177,784</u>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

# Global Automotive & Appliances Pte. Ltd.

## Statement of Changes in Equity

For the financial year ended March 31, 2020

	Share capital	Accumulated profits	Total
	US\$	US\$	US\$
Balance as at 01.04.2018	4,615,000	(96,632)	4,518,368
Total comprehensive income for the year	-	177,784	177,784
Balance as at 31.03.2019	4,615,000	81,152	4,696,152
Total comprehensive income for the year	-	84,383	84,383
Balance as at 31.03.2020	4,615,000	165,535	4,780,535

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

# Global Automotive & Appliances Pte. Ltd.

## Statement of Cash Flows

For the financial year ended March 31, 2020

	<u>2019</u>	<u>2019</u>
	US\$	US\$
<b>Cash flows from operating activities</b>		
Profit before income tax	87,375	198,184
Adjustments for:		
Depreciation of plant and equipment	2,820	2,821
Interest income	(30)	(26)
Operating profit before working capital changes	90,165	200,979
Inventories	(10,980)	-
Trade receivables	219,798	(1,192,366)
Other receivable and prepayment	(1,033)	(6,136)
Trade payables and accruals	(69,303)	854,801
Other payable	6,370	-
Cash generated from/(used in) operations	235,017	(142,722)
Interest received	30	26
Income tax paid	(15,492)	-
Net cash from/(used in) operating activities	219,555	(142,696)
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	-	(8,462)
Net cash used in investing activities	-	(8,462)
<b>Net increase/(decrease) in cash and cash equivalents</b>	219,555	(151,158)
Cash and cash equivalents brought forward	86,767	237,925
Cash and cash equivalents carried forward	<u>306,322</u>	<u>86,767</u>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank	306,322	86,842
Bank overdraft	-	(75)
	<u>306,322</u>	<u>86,767</u>

*The annexed accounting policies and explanatory notes form an integral part of the financial statements*

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

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

### 1 Corporate information

The Company (Registration No. 200822011Z) is a private limited Company incorporated and domiciled in Singapore.

The registered office is at 24 Raffles Place, #15-00 Clifford Centre, Singapore 048621 and the principal place of business is at 3 Shenton Way, #15-05 Shenton House, Singapore 068805.

The principal activity of the Company is to act as an investment holding company and distribution of electronic parts and semiconductors and other commodities.

There have been no significant changes in the nature of these activities during the financial year.

#### *Holding company*

The Company is a wholly owned subsidiary of IFB Industries Limited, a listed company incorporated in the Republic of India, which is also the ultimate holding company.

#### *Subsidiary*

Refer Note 4 to the financial statements for the subsidiary and its principal activities.

### 2 Significant accounting policies

#### a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") as required by the Singapore Companies Act, Chapter 50. These financial statements are the separate financial statements of Global Automotive & Appliances Pte. Ltd. The Company is exempted from the preparation of consolidated financial statements as the Company is held by IFB Industries Limited, a company incorporated and listed in Republic of India, prepares consolidated financial statements available for public use. The corporate office address of IFB Industries Limited is Plot No IND 5, Sector 1, East Kolkata Township, Kolkata 700107 India.

The financial statements are expressed in United States Dollar (US\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of 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 accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer Note 2(b) to the financial statements).

The Company adopted the new or revised FRS that is mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 2 Significant accounting policies (Cont'd)

#### a) Basis of preparation (Cont'd)

FRS 28	(Amendments)	:	Long-term Interests in Associates and Joint Ventures
FRS 109	(Amendments)	:	Prepayment Features with Negative Compensation
FRS 116		:	Leases

#### *Improvements to FRSs*

##### Annual Improvements to FRS

FRS 12	(Amendments)	:	Income Taxes
FRS 23	(Amendments)	:	Borrowing Costs
FRS 103	(Amendments)	:	Business Combinations
FRS 111	(Amendments)	:	Joint Arrangements

The adoption of these does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements.

#### b) Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statements of financial position date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

#### Inventory valuation method

Inventory is valued at the lower of the actual cost or net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is generally the merchandise's selling price quoted from the market of similar items. The Company reviews its inventory levels in order to identify slow-moving and obsolete merchandise. When the Company identifies items of inventory which have a market price that is lower than its carrying amount, the Company then estimates the amount of inventory loss as allowance on inventory.

#### Depreciation

The Company depreciates the plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using the straight-line method. The estimated useful life reflects the directors' estimate of the periods that the Company intends to derive future economic benefits from the use of the Company's plant and equipment. The residual values reflect the directors' estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 2 Significant accounting policies (Cont'd)

#### b) Critical judgements in applying the entity's accounting policies (Cont'd)

##### Investment in subsidiary

Investment in subsidiary is stated at cost less impairment loss, if any. In determining if there is any impairment, the management evaluates the market and economic environment in which the entity operates, the economic performance, the forecasted results, the net assets values, and the operating cash flow of this entity. The evaluation of this factors involves a significant degree of management judgment.

##### Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates by the Group which is in similar business operation. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

#### c) Foreign currency

##### (i) *Functional currency*

The functional and measurement currency of the Company is United States Dollar, being the currency of the primary economic environment in which it operates.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at the statement of financial position date

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated assets and liabilities are recognised in the profit or loss.

Currency translation differences on non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items are measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

### 2 Significant accounting policies (Cont'd)

#### d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss. When assets are sold or retired, their cost and accumulated depreciation and impairment loss are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

#### e) Depreciation of plant and equipment

Depreciation is calculated on a straight-line method to write off the cost of the plant and equipment over its estimated useful life at the following annual rates:

Office equipment - 3 years

#### f) Investment in subsidiary

Subsidiary is investee that are controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in the subsidiary is carried at cost less accumulated impairment losses, if any. On disposal of investment in subsidiary, the differences between disposal proceeds and the carrying amounts of the investment is recognised in the profit or loss.

#### g) Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



### 2 Significant accounting policies (Cont'd)

#### g) Impairment of non-financial assets (Cont'd)

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of realisation. Provision is made where necessary for obsolete, damaged, slow moving and defective inventories.

#### i) Financial instruments

Financial instruments comprise financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) Financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined per the Company's revenue recognition policy.

Financial assets that are classified and measured at amortised cost or fair value through OCI, are financial assets that give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

## 2 Significant accounting policies (Cont'd)

### i) Financial instruments (Cont'd)

#### (i) Financial assets (Cont'd)

##### *Initial recognition and measurement (Cont'd)*

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### *Subsequent measurement*

For the purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("FVOCI")
- Financial assets elected at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company's relevant financial assets category are financial assets at amortised cost.

##### Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:-

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired. For short-term receivables the nominal cost approximates the fair value.

The Company's financial assets at amortised cost includes trade receivables, other receivable and cash at banks.

##### *Derecognition*

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has entered into a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

## 2 Significant accounting policies *(Cont'd)*

### i) Financial instruments *(Cont'd)*

#### (i) Financial assets *(Cont'd)*

##### *Derecognition (Cont'd)*

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

##### *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## 2 Significant accounting policies *(Cont'd)*

### i) Financial instruments *(Cont'd)*

#### (i) Financial assets *(Cont'd)*

##### *Impairment of financial assets (Cont'd)*

The Company makes judgmental assessment for financial asset in default when contractual payments are past due. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (ii) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For short term payables the nominal costs approximate the fair value.

The Company's financial liabilities include trade payables and accruals, other payables and borrowing.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification.

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at banks less bank overdraft.

### 2 Significant accounting policies (Cont'd)

#### k) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers, if any.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Company sells electronic components or parts. Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied. No volume discount is given by the Company nor are goods sold with a right of return.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price less any discounts given. The Company does not incur any expense on variable consideration arising from volume discount or right of return.

#### l) Other income

The other income is recognised on the following basis:

##### *Interest income*

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

#### m) Employee benefits

##### *Retirement benefit costs*

As required by law, the Company makes contributions to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore. CPF contributions are recognised as expense in the same year to which the contribution relates.

Employee entitlements to annual leave are recognised when they accrue to the employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by the employees up to the statement of financial position date.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

##### *Key management personnel*

Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the Company are considered key management personnel.

#### n) Finance cost

Interest expense and similar charges are expensed in the profit or loss in the year in which they are incurred.

### 2 Significant accounting policies (Cont'd)

#### o) Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

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

The Company applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

#### p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### q) Income tax

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using statutory tax rate at the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 2 Significant accounting policies (Cont'd)

#### q) Income tax (Cont'd)

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset, realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt, within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

### 3 Plant and equipment

<u>2020</u>	<u>Office equipment</u>
	US\$
Cost	
At April 1, 2019	8,462
At March 31, 2020	<u>8,462</u>
Depreciation	
At April 1, 2019	2,821
Charge for the year	<u>2,820</u>
At March 31, 2020	<u>5,641</u>
Net book value	
At March 31, 2020	<u><u>2,821</u></u>
<u>2019</u>	<u>Office equipment</u>
	US\$
Cost	
At April 1, 2018	-
Additions	<u>8,462</u>
At March 31, 2019	<u>8,462</u>
Depreciation	
At April 1, 2018	-
Charge for the year	<u>2,821</u>
At March 31, 2019	<u>2,821</u>
Net book value	
At March 31, 2019	<u><u>5,641</u></u>

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 4 Investment in subsidiary

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Unquoted equity shares, at cost	<u>4,283,000</u>	<u>4,283,000</u>

14,049,463 ordinary shares of THB 10 each fully paid as on March 31, 2019.

Details of subsidiary are as follows: -

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ place of business</u>	<u>Percentage of equity held</u>		<u>Cost</u>	
			<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
			%	%	US\$	US\$
Thai Automotive & Appliances Ltd. (TAAL)	Manufacturing and selling of fine blanking components for vehicle, home and industrial appliances	Thailand	<u>100</u>	<u>100</u>	<u>4,283,000</u>	<u>4,283,000</u>

Two (2) shares of Thai Automotive & Appliances Ltd., are held by one director and one shareholder as nominee shareholders on behalf of the Company.

The subsidiary has been in operation since 2009 and has consistently seen a growth in its operations. As per the last audited financial statements for the year ended March 31, 2020, the turnover is about US\$5,737,677 (2019:US\$4,452,072) and has made a gross profit of about US\$938,046 (2019:US\$709,411) and has generated a positive cash flow of about US\$57,934 (2019:US\$209,892). Its net profit is about US\$139,979 (2019:profit US\$4,689) and its net asset value is about US\$2,664,081 (2019:US\$2,417,761).

The future expected performance of the subsidiary is set to improve in the coming years as discussions are on for new orders which will be finalized shortly and also better overhead absorption rate is expected. Thus, management is of the view that the subsidiary would be able to generate good returns and no impairment in the carrying value of the investment is foreseen.

### 5 Trade receivables

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Outside party	746,258	1,191,751
Holding company	225,600	-
GST receivable	710	615
	<u>972,568</u>	<u>1,192,366</u>

The average credit period is 60 days (2019:60 days). No interest is charged on the trade receivables due from outside party.



# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 5 Trade receivables (Cont'd)

The table below is an analysis of trade receivables aging as at March 31:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Not past due	122,339	682,248
Past due 1 to 30 days	850,229	510,118
	<u>972,568</u>	<u>1,192,366</u>

The Company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable.

The trade receivables that are not denominated in Singapore Dollar are as follows:-

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Singapore Dollar	<u>710</u>	<u>615</u>

### 5 Other receivable

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Deposit	<u>6,136</u>	<u>6,136</u>

The other receivable that are not denominated in Singapore Dollar are as follows:-

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Singapore Dollar	<u>6,136</u>	<u>6,136</u>

### 7 Cash at banks

The cash at banks that are not denominated in United States Dollar are as follows:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Singapore Dollar	<u>30,232</u>	<u>35,699</u>

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 8 Share capital

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	No. of shares issued	US\$	No. of shares issued	US\$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	<u>4,755,625</u>	<u>4,615,000</u>	<u>4,755,625</u>	<u>4,615,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

### 9 Trade payables and accruals

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Trade payables	774,298	847,985
Accrued expenses	<u>13,757</u>	<u>9,373</u>
	<u>788,055</u>	<u>857,358</u>

The average credit period on goods purchased is 30 days (2019:30 days). No interest is charged on the trade payables.

The trade payables and accruals that are not denominated in United States Dollar are as follows:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Singapore Dollar	<u>13,757</u>	<u>9,373</u>

### 10 Other payable

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Sundry payable	<u>6,370</u>	<u>-</u>

### 11 Bank overdraft

This relates to a temporary overdraft position in the financial statements. No interest was charged on this amount subsequent to the year end.

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 12 Revenue

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Type of goods: Sale of goods	<u>3,389,410</u>	<u>2,651,301</u>
Timing of transfer of goods: At a point in time	<u>3,389,410</u>	<u>2,651,301</u>

There is no variable consideration recognised during the financial year.

### 13 Other income

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Interest received from bank	<u>30</u>	<u>26</u>

### 14 Finance cost

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Interest on bank overdraft	<u>3,222</u>	<u>-</u>

### 15 Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the income statement, this item includes the following charges/(credits):-

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Cost of inventories included in cost of sales	3,002,592	2,256,911
Director's remuneration	139,843	41,095
Director's benefit	1,770	-
Depreciation of plant and equipment	2,820	2,821
Foreign exchange loss	8,748	3,653
Operating lease - office rental	<u>12,236</u>	<u>9,242</u>

#### Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Salaries and other benefits	<u>141,613</u>	<u>41,095</u>

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 16 Income tax expense

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Current year	7,900	20,400
Prior year over provision	(4,908)	-
	<u>2,992</u>	<u>20,400</u>

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

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Profit before income tax	<u>87,375</u>	<u>198,184</u>
Tax expense at tax rate of 17%	14,854	33,691
Non-deductible items	1,107	520
Statutory stepped income exemption	(8,529)	(12,830)
Deferred tax arising in the year not provided	479	(959)
Prior year over provision	(4,908)	-
Other items	(11)	(22)
Income tax expense for the financial year	<u>2,992</u>	<u>20,400</u>

Deferred tax is not recognised in the financial statements as there are no significant temporary differences.

### 17 Holding company and related company transactions

Some of the Company's transactions and arrangement are with holding company and related company and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with these parties are unsecured, interest free and repayable on demand unless otherwise stated.

During the financial year, the Company entered into the following transactions:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
<i>Holding company</i>		
Sales	<u>601,000</u>	-
<i>Subsidiary</i>		
Sales	<u>718,129</u>	-

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 18 Operating lease commitments – as lessee

The Company leases premises for office under non-cancellable operating lease agreements. This lease has a tenure of 1 year. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
<i>Rental expense:</i>		
Within a year	<u>4,130</u>	<u>4,130</u>

### 19 Financial instruments, financial and capital risk management

#### (a) Categories of financial instruments

The following table sets out the financial instruments as at the statement of financial position date:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
<b>Financial assets</b>		
Amortised cost:		
- Trade receivables ( <i>excluding GST</i> )	971,858	1,191,751
- Other receivable	6,136	6,136
- Cash at banks	306,322	86,842
<b>Total financial assets</b>	<u>1,284,316</u>	<u>1,284,729</u>
<b>Financial liabilities</b>		
Amortised cost:		
- Trade payables and accruals	788,055	857,358
- Other payable	6,370	-
- Bank overdraft	-	75
<b>Total financial liabilities</b>	<u>794,425</u>	<u>857,433</u>

#### (b) Fair value measurements

##### Fair value hierarchy

The assets and liabilities measured at fair value are classified by the following level of fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (i) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

### 19 Financial instruments, financial and capital risk management *(Cont'd)*

#### (b) Fair value measurements *(Cont'd)*

##### Fair value hierarchy *(Cont'd)*

- (ii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There are no financial assets measured at fair value.

##### Assets and liabilities not measured at fair value

#### (i) *Trade receivables and trade payables*

The carrying amounts of these receivables and payables (including trade balances due from/to related parties) approximate their fair values as they are subject to normal trade credit terms.

#### (ii) *Other receivables, cash at banks and other payable*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

#### c) Financial risk management

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include liquidity risk, credit risk and market risk (including interest rate risk, foreign currency risk and price risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company has no significant liquidity risk. It maintains a level of bank balances that is sufficient for working capital purposes. Short term funding is obtained mainly from its bank by temporary overdraft.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 19 Financial instruments, financial and capital risk management (Cont'd)

#### c) Financial risk management (Cont'd)

##### Liquidity risk (Cont'd)

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	Within 2 to 5 years
	US\$	US\$	US\$	US\$
<u>2020</u>				
<b>Financial Assets</b>				
Trade receivables	971,858	971,858	971,858	-
Other receivable	6,136	6,136	6,136	-
Cash at banks	306,322	306,322	306,322	-
<b>Total undiscounted financial assets</b>	<b>1,284,316</b>	<b>1,284,316</b>	<b>1,284,316</b>	<b>-</b>
<b>Financial Liabilities</b>				
Trade payables and accruals	(788,055)	(788,055)	(788,055)	-
Other payable	(6,370)	(6,370)	(6,370)	-
<b>Total undiscounted financial liabilities</b>	<b>(794,425)</b>	<b>(794,425)</b>	<b>(794,425)</b>	<b>-</b>
<b>Total net undiscounted financial assets</b>	<b>489,891</b>	<b>489,891</b>	<b>489,891</b>	<b>-</b>
<u>2019</u>				
<b>Financial Assets</b>				
Trade receivables	1,191,751	1,191,751	1,191,751	-
Other receivable	6,136	6,136	6,136	-
Cash at banks	86,842	86,842	86,842	-
<b>Total undiscounted financial assets</b>	<b>1,284,729</b>	<b>1,284,729</b>	<b>1,284,729</b>	<b>-</b>
<b>Financial Liabilities</b>				
Trade payables and accruals	(857,358)	(857,358)	(857,358)	-
Bank overdraft	(75)	(79)	(79)	-
<b>Total undiscounted financial liabilities</b>	<b>(857,433)</b>	<b>(857,437)</b>	<b>(857,437)</b>	<b>-</b>
<b>Total net undiscounted financial assets</b>	<b>427,296</b>	<b>427,292</b>	<b>427,292</b>	<b>-</b>

##### Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash at bank), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

# Global Automotive & Appliances Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2020

### 19 Financial instruments, financial and capital risk management (Cont'd)

#### c) Financial risk management (Cont'd)

##### *Credit risk (Cont'd)*

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days past the credit due dates, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

Cash at banks are placed with credit worthy financial institutions.

##### Trade receivables

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using Lifetime ECL and determined that the ECL is insignificant.

The Company has a significant concentration of credit risk in relation to an outside parties who is located in India and whose balance comprises 81% of the trade receivable balance. The management does not foresee any risk of default or expected credit loss arising from these parties as they are creditworthy customers. The Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Company only grants credit to creditworthy counterparties.

Further details of credit risks on trade receivables are disclosed in Note 5 to the financial statements.

##### *Interest rate risk*

The Company has no significant exposure to market risk for changes in interest rates because it has no interest bearing borrowings from any external sources. Its overdraft is temporary only.

##### *Foreign currency risk*

The Company has no significant exposure to foreign exchange risk except for its net investment in subsidiary (refer Note 4 to the financial statements). No hedge has been taken up from this exposure.

Sale and purchases are transacted in United States Dollar and all the monetary assets and liabilities are denominated in United States Dollar.



### 19 Financial instruments, financial and capital risk management (Cont'd)

#### c) Financial risk management (Cont'd)

##### *Foreign currency risk (Cont'd)*

As at financial year end, the carrying amount of monetary assets and liabilities denominated in currencies other than in United States Dollar are disclosed in the respective notes to the financial statements.

##### *Foreign currency sensitivity analysis*

Any increase or decrease in the Singapore Dollar against United States Dollar will have a minimal impact on the financial statements. A decrease in 10% in the Singapore Dollar rate, will increase the profit before tax by US\$2,500 (2019:increase of US\$3,300). A similar decrease in the Singapore Dollar rate will have a vice versa effect on the results of the Company.

The effect of fluctuation in the other foreign currencies will have no or very minimal impact on the results of the Company.

##### *Price risk*

The Company has no significant exposure to price risk.

#### (d) Capital risk management

The management considers the capital of the Company to mainly consist of shareholders equity.

The management manages the capital to ensure the Company will be able to continue as a going concern while maximising the return to shareholders through optimisation of the capital.

The management's overall strategy remains unchanged from 2019.

### 20 New accounting standards and FRS interpretations

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Company were issued and not effective:

		<u>Effective from annual periods beginning on or after</u>
FRS 1/FRS 8	(Amendments) : Definition of Material	January 1, 2020
FRS 103	(Amendments) : Definition of a Business	January 1, 2020
FRS 109/FRS 39/FRS 107	(Amendments) : Interest Rate Benchmark Reform	January 1, 2020

The management anticipates that the adoption of the above FRS and INT FRS does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements of the Company.

### 21 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on June 25, 2020.

*Global Automotive & Appliances Pte. Ltd.*

*The Accompanying Supplementary Detailed Income Statement*

*Has Been Prepared For Management Purposes Only*

*And Does Not Form Part Of The Audited Financial Statements*

# Global Automotive & Appliances Pte. Ltd.

## Detailed Income Statement

For the financial year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
	US\$	US\$
<b>Revenue</b>		
Sale of goods	3,389,410	2,651,301
<b>Cost of sales</b>		
Purchases	(3,013,572)	(2,256,911)
Insurance	(3,936)	(2,862)
	(3,017,508)	(2,259,773)
Less: Inventories at end of year	10,980	-
	(3,006,528)	(2,259,773)
<b>Gross profit</b>	382,882	391,528
<b>Other income</b>		
Interest received from bank	30	26
<b>Selling and distribution expenses</b>		
Freight outwards	(77,683)	(95,366)
<b>Administrative expenses</b>		
Director's remuneration	(139,843)	(41,095)
Director's benefit	(1,770)	-
Depreciation of plant and equipment	(2,820)	(2,821)
Insurance	(7,912)	(7,264)
Skill development levy	(98)	(25)
	(152,443)	(51,205)
<b>Other operating expenses</b>		
Bank charges	(2,706)	(938)
Book-keeping charges	(22,110)	(16,074)
Entertainment	(1,185)	(39)
Foreign exchange loss	(8,748)	(3,653)
General expenses	(2,483)	-
Operating lease - office rental	(12,236)	(9,242)
Printing and stationery	(1,053)	(82)
Professional fees	(4,568)	(13,786)
Registered office fees	-	(147)
Secretary fees	(1,885)	(1,094)
Telephone	(1,878)	(1,560)
Transport	(2,860)	(184)
Internet charges	(477)	-
	(62,189)	(46,799)

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# Global Automotive & Appliances Pte. Ltd.

## Detailed Income Statement

*For the financial year ended March 31, 2020*

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Finance cost		
Interest on bank overdraft	<u>(3,222)</u>	-
Profit before income tax	87,375	198,184
Income tax expense:		
- Current year	(7,900)	(20,400)
- Prior year over provision	4,908	-
Profit after income tax	<u>84,383</u>	<u>177,784</u>
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>84,383</u></u>	<u><u>177,784</u></u>

*Not Part Of Audited Financial Statements*