

**BELLEWAVE COSMETICS PTE. LTD.**  
*(Incorporated in Singapore)*

**(Company Registration No.: 200402006K)**

**DIRECTORS' STATEMENT  
AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2019**

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# BELLEWAVE COSMETICS PTE. LTD.

## GENERAL INFORMATION

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### **DIRECTORS**

Song Mei Cheng  
Sandeep Ahuja  
Karuppusamy Ramaswamy

### **COMPANY SECRETARY**

Ang Siew Koon

### **REGISTERED OFFICE**

237 Pandan Loop  
#05-03 Westech Building  
Singapore 128424

### **AUDITORS**

EVEREST ASSURANCE PAC  
7500A Beach Road  
#14-302 The Plaza  
Singapore 199591

### **BANKERS**

United Overseas Bank Ltd

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# BELLEWAVE COSMETICS PTE. LTD.

## DIRECTORS' STATEMENT

*For the financial year ended 31 March 2019*

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The directors are pleased to present their statement to the members together with the audited financial statements of Bellewave Cosmetics Pte. Ltd. (the "Company") for the financial year ended 31 March 2019.

### 1. OPINION OF THE DIRECTORS

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 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the year then ended; 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.

### 2. DIRECTORS

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

Song Mei Cheng  
Sandeep Ahuja  
Karuppusamy Ramaswamy

### 3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

### 4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the director of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

Name of Director	At the beginning of the financial year	At the end of the financial year
Ordinary shares of the immediate holding company - Global Vantage Innovative Group Pte. Ltd. (no. of ordinary shares)		
Song Mei Cheng	652,249	652,249

**BELLEWAVE COSMETICS PTE. LTD.**

**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2019*

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**5. SHARE OPTIONS**

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

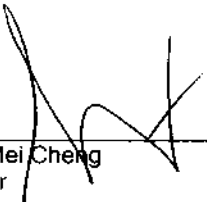
There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

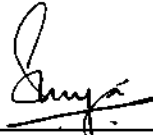
There were no unissued shares of the Company under option at the end of the financial year.

**6. AUDITORS**

The auditors, Messrs Everest Assurance PAC, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

  
\_\_\_\_\_  
Song Mei Cheng  
Director

  
\_\_\_\_\_  
Sandeep Ahuja  
Director

Singapore,

**19 JUN 2019**

**Independent Auditor's Report  
To the Members of Bellewave Cosmetics Pte. Ltd.**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of BELLEWAVE COSMETICS PTE. LTD. (the Company), which comprise the statement of financial position as at 31 March 2019, the statement of profit or loss and other 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 Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and 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 (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 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.

**Other Matter**

The financial statements of the Company for the financial year ended 31 March 2018 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 17 August 2018.

**Other Information**

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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

In connection with our audit on the financial statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is 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.
- 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.

The engagement partner on the audit resulting in this independent auditors' report is Patel Anand Rameshchandra.

Singapore  
19 June 2019



EVEREST ASSURANCE PAC  
Public Accountants and  
Chartered Accountants

**BELLEWAVE COSMETICS PTE. LTD.****STATEMENT OF FINANCIAL POSITION***As at 31 March 2019**(Expressed in Singapore Dollars)*

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,977,562	3,133,602
Investment in life insurance plan	5	81,676	-
		<u>3,059,238</u>	<u>3,133,602</u>
<b>Current assets</b>			
Inventories	6	186,180	100,868
Trade and other receivables	7	438,814	369,461
Amount due from related companies	8	2,693,506	2,366,184
Prepaid operating expenses		12,970	12,889
Cash and bank balances	9	14,201	48,159
		<u>3,345,671</u>	<u>2,897,561</u>
<b>Total assets</b>		<u>6,404,909</u>	<u>6,031,163</u>
<b>EQUITY</b>			
Share capital	10	2,071,561	2,071,561
Revaluation reserves	11	2,023,382	2,023,382
Retained earnings/(Accumulated losses)		175,617	(59,889)
<b>Total equity</b>		<u>4,270,560</u>	<u>4,035,054</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Term loans	12	1,573,042	1,464,846
<b>Current liabilities</b>			
Trade and other payables	13	200,913	224,519
Amount due to related companies	8	133,435	190,742
Advance payment by customers		-	3,297
Term loans	12	226,959	88,742
Provision for income tax		-	23,963
		<u>561,307</u>	<u>531,263</u>
<b>Total liabilities</b>		<u>2,134,349</u>	<u>1,996,109</u>
<b>Total equity and liabilities</b>		<u>6,404,909</u>	<u>6,031,163</u>

*(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)*

## BELLEWAVE COSMETICS PTE. LTD.

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the financial year ended 31 March 2019*

*(Expressed in Singapore Dollars)*

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	Note	2019 \$	2018 \$
Revenue	14	3,383,118	4,005,265
Cost of sales		(1,758,653)	(2,240,377)
<b>Gross profit</b>		<u>1,624,465</u>	<u>1,764,888</u>
Other income	15	280,256	116,424
Administrative expenses		(1,611,828)	(1,660,029)
Other expenses	16	(20,820)	(6,641)
Finance costs	17	(47,270)	(50,163)
<b>Profit before tax</b>	18	<u>224,803</u>	<u>164,479</u>
Income tax benefit/(expense)	20	<u>10,703</u>	<u>(23,963)</u>
<b>Profit after tax, representing total comprehensive income for the financial year</b>		<u><u>235,506</u></u>	<u><u>140,516</u></u>

*(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)*



## BELLEWAVE COSMETICS PTE. LTD.

### STATEMENT OF CHANGES IN EQUITY

*For the financial year ended 31 March 2019*

*(Expressed in Singapore Dollars)*

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	<b>Share Capital \$</b>	<b>Retained Earnings \$</b>	<b>Revaluation Reserve \$</b>	<b>Total \$</b>
Balance as at 1 April 2017	2,071,561	(200,405)	2,023,382	3,894,538
Total comprehensive income for the year	-	140,516	-	140,516
Balance as at 31 March 2018	2,071,561	(59,889)	2,023,382	4,035,054
Total comprehensive income for the year	-	235,506	-	235,506
Balance as at 31 March 2019	<u>2,071,561</u>	<u>175,617</u>	<u>2,023,382</u>	<u>4,270,560</u>

*(The accompanying accounting policies and explanatory notes form  
an integral part of the financial statements)*

# BELLEWAVE COSMETICS PTE. LTD.

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

(Expressed in Singapore Dollars)

	2019	2018
	\$	\$
<b>Cash Flows from Operating activities</b>		
Profit before tax	224,803	164,479
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	157,661	176,196
Fair value change of insurance plan	20,315	-
Interest expense	47,270	50,163
Write-back of retainer fees	(190,000)	-
<b>Operating cash flows before movements in working capital</b>	<u>260,049</u>	<u>390,838</u>
<b>Movements in Working Capital</b>		
Inventories	(85,312)	59,195
Trade and other receivables	(69,353)	(461,048)
Amount due from related companies	(327,322)	(27,270)
Prepaid operating expenses	(81)	(1,834)
Trade and other payables	166,395	173,358
Amount due to related companies	(57,307)	-
Advance payment by customers	(3,297)	3,297
<b>Cash used in operations</b>	<u>(116,228)</u>	<u>136,536</u>
Income tax paid	(13,260)	-
<b>Net cash (used in)/generated from operating activities</b>	<u>(129,488)</u>	<u>136,536</u>
<b>Cash Flows from Investing activities</b>		
Purchase of property, plant and equipment	(1,622)	(9,943)
Purchase of keyman life insurance	(101,991)	-
<b>Net cash used in investing activities</b>	<u>(103,613)</u>	<u>(9,943)</u>
<b>Cash Flows from Financing activities</b>		
Proceeds from term loan	413,000	-
Repayment of term loans	(166,587)	(84,064)
Interest paid	(47,270)	(50,163)
<b>Net cash generated from/(used in) investing activities</b>	<u>199,143</u>	<u>(134,227)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(33,958)</u>	<u>(7,634)</u>
Cash and cash equivalents at the beginning of financial year	<u>48,159</u>	<u>55,793</u>
<b>Cash and cash equivalents at the end of financial year (Note 9)</b>	<u>14,201</u>	<u>48,159</u>

(The accompanying accounting policies and explanatory notes form an integral part of the financial statements)

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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

### 1 THE COMPANY AND ITS PRINCIPAL ACTIVITIES

Bellewave Cosmetics Pte. Ltd. (the "Company") is incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at 237 Pandan Loop, #05-03 Westech Building Singapore 128424.

The principal activities of the Company are manufacture and wholesale of cosmetics and toiletries.

The Company is a wholly owned subsidiary of Global Vantage Innovative Group Pte. Ltd., a company incorporated in the Republic of Singapore. The Company's ultimate holding company is VLCC Health Care Limited, a company incorporated in India.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S\$), which is the Company's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

In the current financial year, the Company adopted the new and revised FRSs that are applicable in the current financial year. The financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRSs.

The adoption of the new and amended standards and interpretation has been further disclosed in Note 2.2 below.

The preparation of financial statements in conformity with FRSs requires the management to exercise their judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity are disclosed in Note 3 below.

#### 2.2 Adoption of new and amended standards and interpretation

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards and Interpretations of FRS ('INT FRS') which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2018.

Except for the adoption of FRS 109 Financial Instruments and FRS 115 Revenue from Contracts with Customers described below, the adoption of these standards and interpretations did not have any material effect on the financial performance or financial position of the Company.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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### FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has adopted the new standard retrospectively from 1 April 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated and the Company has recognised any difference between the carrying amounts at 31 March 2018 and 1 April 2018 in the opening accumulated losses. The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.9.

The effects on adoption of FRS 109 are as follows:

- (i) Investment in life insurance plan is measured at fair value through profit or loss ('FVPL').
- (ii) Impairment of financial assets -

The Company has the following financial assets subject to the expected credit loss impairment model under FRS 109:

- Cash and bank balances;
- Trade and other receivables; and
- Amount due from related companies.

The impairment methodology for each of these classes of financial assets under FRS 109 are different as disclosed in Note 2.9 and Note 23.

### FRS 115 Revenue from Contracts with Customers

The Company has adopted the new standard retrospectively from 1 April 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated and the Company has recognised any difference between the carrying amounts at 31 March 2018 and 1 April 2018 in the opening accumulated losses.

#### 1) Revenue recognition criteria (five-step approach)

In line with the application of FRS 115, the Company recognises revenue based on a five-step approach outlined below -

- 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 Company satisfies a performance obligation

The Company identifies distinct goods or services included in contracts with customers and identifies performance obligations by such transaction units.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met -

- (a) The Company's performance obligation does not create an asset with an alternate use to the Company and the Company has as an enforceable right to payment for performance completed to date.
- (b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

### 2) Revenue recognition from major revenue streams

The accounting policies on revenue recognition of the Company's major revenue streams are disclosed in Note 2.11.

## 2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
FRS 116 Leases	1 January 2019
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019

Except for FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

### FRS 116 Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases. Applying the new FRS, a lessee is required to recognise the right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 also requires more extensive disclosures to be provided by a lessor.

The Company plans to adopt FRS 116 when it becomes effective in 2020. The Company will perform a detailed analysis of the standard, including the transition options and practical expedients before the date of mandatory adoption.

## 2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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### 2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Leasehold properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold properties at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to accumulated profits or losses on retirement or disposal of the asset.

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

	<u>Years</u>
Leasehold properties	25
Plant and machinery	5
Computer and office equipment	5
Motor vehicles	10
Furniture and fittings	5
Renovation	5

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

### 2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and are subject to an insignificant risk of changes in value.

### 2.9 Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

#### **Financial assets -**

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL)

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

#### Initial recognition and measurement

Financial assets are recognised when, and only when the Company becomes a party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial 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 fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

## **BELLEWAVE COSMETICS PTE. LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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#### Subsequent measurement

##### **Debt instruments -**

Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. These financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

The Company's financial assets measured at amortised cost comprise trade and other receivables, amount due from related companies and cash and bank balances in the statement of financial position.

Debt instrument that is held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income/expense".

The Company's financial asset measured at fair value through profit or loss comprise investment in life insurance plan in the statement of financial position.

#### Impairment

##### **Debt instruments -**

For trade receivables, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For amount due from related companies and cash and bank balances, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

##### **Financial liabilities -**

#### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

#### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amounts is recognised in profit or loss.



# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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*These accounting policies are applied before the initial application date of FRS 109, 1 April 2018:*

### *Financial assets -*

#### Classification

*The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable. Apart from loans and receivables, the Company has no other financial assets.*

#### *Loans and receivables -*

*Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the financial year end date which are presented as non-current assets.*

#### Recognition and derecognition

*Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.*

*Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount in the fair value reserve relating to that asset is transferred to the profit and loss accounts.*

#### Initial measurement

*Financial assets are initially recognised at fair value plus transaction costs.*

#### Subsequent measurement

*Loans and receivables are subsequently carried at amortised cost using the effective interest method.*

#### Impairment

*The Company assesses at each financial year end date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.*

#### *Loans and receivables -*

*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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the profit or loss.*

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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### *Financial liabilities -*

*Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.*

*Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.*

*Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.*

*Payables which represent the consideration of the goods and services to be paid in the future, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.*

### **2.10 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **2.11 Revenue recognition**

These accounting policies are applied on and after the initial application date of FRS 115, 1 April 2018:

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.

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.

#### Sales of goods

Revenue is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. No revenue is recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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### Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received, and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

*These accounting policies were applied before the initial application date of FRS 115, 1 April 2018:*

### Sale of goods

*Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.*

There is no significant difference in accounting policies on the revenue applied before and after the initial application date of FRS 115, 1 April 2018.

## **2.12 Employee benefits**

### Defined contribution pension scheme

The Company makes contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

## **2.13 Operating lease**

### When the Company is the lessor

Lease where the Company retains substantially all the risks and rewards incidental to ownership of the assets are classified as operating leases. The accounting policy for rental income is set out in Note 2.11.

## **2.14 Taxes**

### **a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rate and tax law used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **c) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

### **2.15 Share capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### **2.16 Related party**

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Group and Company if that person:
  - a) Has control or joint control over the Company;
  - b) Has significant influence over the Company; or
  - c) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (ii) An entity is related to the Company if any of the following applies:
  - a) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - c) Both entities are joint ventures of the same third party;
  - d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - e) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - f) The entity is controlled or jointly controlled by a person identified in (i) above;



# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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- g) A person identified in (i)a) above has significant influence over the entity or is a member of the key management personnel or the entity (or of a parent of the entity).

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### (a) Estimated impairment of non-financial assets

Property, plant and equipment and other non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The Company assesses at each reporting date whether there is an indication that the property, plant and equipment and other non-financial assets may be impaired. This requires an estimation of the value in use of the cash-generating units.

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### (b) Expected credit losses (ECL) on trade receivables

At each reporting date, the management analyses the provision for the expected credit losses (ECLs). The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Company recognises a loss allowance based on lifetime expected credit losses at each reporting date.

The management has established a provision policy that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors' ability to pay and the economic environment which could affect the debtors' ability to pay.

The Company evaluates the expected credit loss on customers in financial difficulties separately. The Company's credit risk exposure for trade receivables is set out in Note 23.

#### (c) Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value.

#### (d) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their respective useful lives. Management estimates that the useful lives of these property, plant and equipment to be 5-25 years. These are common life expectancies applied in the industry.

#### (e) Functional currency

When determining the functional currency of the Company, the management considers factors such as the currency that influences the sales prices, the currency that influences the labour, material and other costs of providing the goods or services, the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. When the factors are mixed, the management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

**BELLEWAVE COSMETICS PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

**4 PROPERTY, PLANT AND EQUIPMENT**

	Leasehold properties	Plant and machinery	Computer and office equipment	Motor vehicles	Furniture and fittings	Renovation	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Valuation or Cost:</b>							
Balance at 1 April 2017	3,703,536	229,171	198,778	168,185	41,160	314,939	4,655,769
Additions	-	-	9,943	-	-	-	9,943
Balance at 31 March 2018	3,703,536	229,171	208,721	168,185	41,160	314,939	4,665,712
Additions	-	-	-	-	1,621	-	1,621
Balance at 31 March 2019	3,703,536	229,171	208,721	168,185	42,781	314,939	4,667,333
<b>Accumulated Depreciation</b>							
Balance at 1 April 2017	444,423	229,171	175,716	151,368	40,320	314,916	1,355,914
Depreciation	148,142	-	10,487	16,817	727	23	176,196
Balance at 31 March 2018	592,565	229,171	186,203	168,185	41,047	314,939	1,532,110
Depreciation	148,141	-	9,193	-	327	-	157,661
Balance at 31 March 2019	740,706	229,171	195,396	168,185	41,374	314,939	1,689,771
<b>Carrying Amount</b>							
Balance at 31 March 2018	3,110,971	-	22,518	-	113	-	3,133,602
Balance at 31 March 2019	2,962,830	-	13,325	-	1,407	-	2,977,562

The leasehold properties with carrying amount of \$2,962,830 (2018: \$3,110,971) is mortgaged to secure for term loans (Note 12).

**BELLEWAVE COSMETICS PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

**5 INVESTMENT IN LIFE INSURANCE PLAN**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Investment in life insurance plan, at fair value	<u>81,676</u>	<u>-</u>

Movements in the investment in life insurance plan is as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial year	-	-
Full insurance premium paid	101,991	-
Fair value change recognised in profit or loss	<u>(20,315)</u>	<u>-</u>
Balance at end of financial year	<u>81,676</u>	<u>-</u>

The above pertains to an investment linked keyman life insurance policy purchased in respect of a director.

The fair value of the policy is based on the annual total cash surrender value of the insurance contract. The insurance contract is pledged to a bank to secure bank term loan granted to the Company (Note 12).

**6 INVENTORIES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of financial position:</b>		
Packaging materials	15,938	22,175
Finished goods	<u>170,242</u>	<u>78,693</u>
	<u>186,180</u>	<u>100,868</u>

**Changes in inventories:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<u>Packaging materials consumed</u>		
Opening inventories	22,175	22,527
Purchases	<u>22,682</u>	<u>19,919</u>
	44,857	42,446
Less: Closing inventories	<u>(15,938)</u>	<u>(22,175)</u>
	<u>28,919</u>	<u>20,271</u>
<u>Movement in finished goods</u>		
Opening inventories	78,693	137,536
Closing inventories	<u>(170,242)</u>	<u>(78,693)</u>
	<u>(91,549)</u>	<u>58,843</u>



**BELLEWAVE COSMETICS PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

**Cost of sales:**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Purchase of goods held for resale	1,696,372	2,076,827
Changes in inventories	(62,630)	79,114
Factory wages and benefits	118,178	81,430
Freight charges	6,733	3,006
	<u>1,758,653</u>	<u>2,240,377</u>

**7 TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade receivables:		
- Third parties	396,330	326,406
Deposits	9,785	7,600
GST receivable	32,699	31,406
Sundry receivables	-	4,049
	<u>438,814</u>	<u>369,461</u>

Trade receivables are unsecured, non-interest bearing and are generally on average 60 days (2018: 60 days) terms.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

Trade and other receivables are denominated in the following currencies:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Singapore Dollar	385,873	282,724
United States Dollar	52,941	86,737
	<u>438,814</u>	<u>369,461</u>

**8 AMOUNT DUE FROM/(TO) RELATED COMPANIES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Amount due from related companies	2,090,432	1,908,110
Amount due from immediate holding company	603,074	458,074
	<u>2,693,506</u>	<u>2,366,184</u>
Amount due to related companies	<u>133,435</u>	<u>190,742</u>

Amount due from related companies and immediate holding company include non-trade amounts of \$1,119,160 (2018: \$889,271).

Amount due to related companies include non-trade amounts of \$15,000 (2018: Nil).

The non-trade amounts are unsecured, interest-free and repayable on demand.

**BELLEWAVE COSMETICS PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

**9 CASH AND BANK BALANCES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	674	607
Cash at banks	13,527	47,552
	<u>14,201</u>	<u>48,159</u>

Cash and bank balances are denominated in the following currencies:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
United States Dollar	-	2,500
Singapore Dollar	14,201	45,659
	<u>14,201</u>	<u>48,159</u>

**10 SHARE CAPITAL**

	<b>2019</b>		<b>2018</b>	
	<u>Number of</u>	<u>Amount</u>	<u>Number of</u>	<u>Amount</u>
	<u>shares</u>	<u>\$</u>	<u>shares</u>	<u>\$</u>
Issued and fully paid:				
Ordinary shares	<u>482,690</u>	<u>2,071,561</u>	<u>482,690</u>	<u>2,071,561</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 restrictions. The ordinary shares have no par value.

**11 ASSET REVALUATION RESERVE**

Asset revaluation reserve represents increases in the fair value of the leasehold properties.

**12 TERM LOANS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current liabilities	226,959	88,742
Non-current liabilities	1,573,042	1,464,846
	<u>1,800,001</u>	<u>1,553,588</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Term loan 1 - UOB Bank - SGD	371,223	400,858
Term loan 2 - UOB Bank - SGD	643,088	687,048
Term loan 3 - UOB Bank - SGD	450,711	465,682
Term loan 4 - UOB Bank - SGD	275,713	-
Term loan 5 - UOB Bank - SGD	59,266	-
	<u>1,800,001</u>	<u>1,553,588</u>

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

The details of the term loans are as follows:

	<u>Term loan</u>	<u>Principal sum</u>	<u>Interest rate</u>	<u>Maturity</u>	<u>Securities</u>
i)	Term loan 1	633,800	2.80% over the applicable 3 months SIBOR	December 2029	1. Personal guarantee by director. 2. Corporate guarantee by subsidiaries. 3. Leasehold properties of the Company (Note 4).
ii)	Term loan 2	980,435	2.80% over the applicable 3 months SIBOR	June 2031	1. Joint and several guarantee by directors. 2. Corporate guarantee by subsidiaries.
iii)	Term loan 3	500,000	2.50% over the applicable 3 months SIBOR	August 2040	1. Personal guarantee by director. 2. Corporate guarantee by subsidiaries.
iv)	Term loan 4	340,000	2.18% fixed	August 2021	1. Personal guarantee by director. 2. Corporate guarantee by subsidiaries.
v)	Term loan 5	73,000	2.18% fixed	August 2021	1. Personal guarantee by director. 2. Corporate guarantee by subsidiaries.

### 13 TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
Trade payables:		
- Third parties	44,361	48,978
Accruals	113,783	163,025
Other payables	-	12,516
Amount due to directors	42,769	-
	<u>200,913</u>	<u>224,519</u>

Amounts in trade payables are non-interest bearing. Trade payables are normally settled on average 60 days (2018: 60 days) terms.

Amount due to directors are unsecured, interest-free and are repayable on demand.

Trade and other payables are denominated in Singapore Dollar.

**BELLEWAVE COSMETICS PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

**14 REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Goods sold	3,383,118	4,000,265
Product development charges	-	5,000
	<u>3,383,118</u>	<u>4,005,265</u>

Revenue represents invoiced net sales of trading goods after allowance and trade discounts. All the sales are recognised at a point in time.

**15 OTHER INCOME**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Government grant	4,931	24,418
Miscellaneous income	49	6,730
Rental income	85,276	85,276
Write-back of retainer fees	190,000	-
	<u>280,256</u>	<u>116,424</u>

**16 OTHER EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Fair value change of insurance plan	20,315	-
Loss on foreign currency exchange	505	6,641
	<u>20,820</u>	<u>6,641</u>

**17 FINANCE COSTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Interest on term loan	<u>47,270</u>	<u>50,163</u>

**18 PROFIT BEFORE TAX**

Profit before tax is derived after charging the following:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Depreciation of property, plant and equipment	157,661	176,196
Employee benefits expenses (Note 19)	<u>903,346</u>	<u>940,921</u>

**BELLEWAVE COSMETICS PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

**19 EMPLOYEE BENEFITS EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<u>Direct cost</u>		
Salaries	110,436	76,249
Bonus	7,712	4,996
Other staff benefits	30	184
	<u>118,178</u>	<u>81,429</u>
<u>Key management personnel</u>		
Directors' salaries	277,033	256,198
CPF contributions	14,571	11,374
	<u>291,604</u>	<u>267,572</u>
<u>Staff</u>		
Salaries	398,800	486,874
Bonus	30,073	22,073
CPF contributions	48,628	52,051
Medical fee	3,578	4,722
Staff welfare	6,727	-
Other staff benefit	5,758	26,200
	<u>493,564</u>	<u>591,920</u>
<b>Total employee benefits expenses</b>	<b>903,346</b>	<b>940,921</b>

**20 INCOME TAX (BENEFIT)/EXPENSE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current income tax		
- Current year	-	23,963
- Over provision in respect of prior years	(10,703)	-
Income tax (benefit)/expense recognised in profit of loss	<u>(10,703)</u>	<u>23,963</u>

**Relationship between tax expense and accounting profit/(loss)**

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 were as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Accounting profit before tax	<u>224,803</u>	<u>164,479</u>
Tax at the statutory tax rate	38,217	27,961
Tax effects of:		
Non-taxable items	-	(2,402)
Non-deductible expenses	-	30,320
Tax exemptions	(38,217)	(25,925)
Income tax rebate	-	(5,991)
Over provision in respect of prior years	(10,703)	-
Income tax (benefit)/expense recognised in profit or loss	<u>(10,703)</u>	<u>23,963</u>

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

### 21 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2019 \$	2018 \$
<b>Related companies</b>		
Sales of goods	960,457	1,968,349
Purchase of goods	1,706,164	2,087,833
Product development charges to related company	-	5,000
Rental income from a related company	85,276	85,276
Retainer fees to related company	<u>86,400</u>	<u>57,600</u>

#### Compensation of key management personnel

The remuneration of key management personnel in the Company are disclosed in Note 19.

There are no other key management personnel in the Company other than the directors.

### 22 OPERATING LEASE COMMITMENTS - AS LESSOR

The future minimum lease receivables under non-cancellable operating leases contracted as at financial year-end but not recognised as receivables are as follows:

	2019 \$	2018 \$
Within one year	85,276	-
Within two to five years	<u>255,827</u>	<u>-</u>
	<u>341,103</u>	<u>-</u>

### 23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to credit risk, effect of changes in foreign exchange rate risk and liquidity risk arising in the normal course of the Company's businesses.

#### Credit risk

##### (i) Risk management

The Company has no significant concentration of credit risk and surplus funds are placed with reputable banks.

The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral to secure trade receivables. Limits are established and are regularly monitored in respect of single customer exposures.

The carrying amount of cash and bank balances, trade receivables, amount due from related companies and other receivables represent the Company's maximum exposure to credit risk in relation to financial assets.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

### (ii) Impairment of financial assets

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from customers.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data and factors specific to the debtors' ability to pay.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company or there is significant difficulty of the debtor or it is becoming probable that the debtor will enter bankruptcy or other financial reorganization. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Company's credit risk exposure in relation to trade receivables as at 31 March 2019 are set out in the provision matrix as follows -

	1 to 30 days	31 to 60 days	Past due 61 to 90 days	More than 90 days	Total
	\$	\$	\$	\$	\$
31 March 2019	297,253	24,175	81,379	(6,477)	396,330

The management determines the expected loss rates for debts past due for 90 days and below is low and no loss allowances are made accordingly. Full provision has been made for debts past due more than 180 days.

In 2018, the impairment of the financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

There is no significant impact to the amount of impairment after changing to the expected credit loss impairment model as at 1 April 2018 and no adjustment was made to the opening balance as at 1 April 2018.

### Other receivables and amount due from related companies

The Company assessed the latest performance and financial position of the related companies, adjusted for the future outlook of the industry in which the related companies 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 12-month ECL and determined that the ECL is insignificant.

### **Liquidity risk**

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

### Analysis of financial instruments by remaining contractual maturities

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

	Carrying amount \$	Contractual cash flows \$	One year or less \$	Two to five years \$	More than five years \$
<b>2019</b>					
<b>Financial assets:</b>					
Trade and other receivables	406,115	406,115	406,115	-	-
Amount due from related companies	2,693,506	2,693,506	2,693,506	-	-
Cash and bank balances	14,201	14,201	14,201	-	-
<b>Total undiscounted financial assets</b>	<b>3,113,822</b>	<b>3,113,822</b>	<b>3,113,822</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities:</b>					
Term loans	1,800,001	2,116,354	273,864	725,124	1,117,366
Trade and other payables	87,130	87,130	87,130	-	-
Amount due to related companies	133,435	133,435	133,435	-	-
<b>Total undiscounted financial liabilities</b>	<b>2,020,566</b>	<b>2,336,919</b>	<b>494,429</b>	<b>725,124</b>	<b>1,117,366</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>1,093,256</b>	<b>776,903</b>	<b>2,619,393</b>	<b>(725,124)</b>	<b>(1,117,366)</b>
<b>2018</b>					
<b>Financial assets:</b>					
Trade and other receivables	338,055	338,055	338,055	-	-
Amount due from related companies	2,366,184	2,366,184	2,366,184	-	-
Cash and bank balances	48,159	48,159	48,159	-	-
<b>Total undiscounted financial assets</b>	<b>2,752,398</b>	<b>2,752,398</b>	<b>2,752,398</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities:</b>					
Term loans	1,553,589	1,953,441	130,631	552,524	1,300,286
Trade and other payables	61,494	61,494	61,494	-	-
Amount due to related companies	190,742	190,742	190,742	-	-
<b>Total undiscounted financial liabilities</b>	<b>1,805,825</b>	<b>2,205,677</b>	<b>382,867</b>	<b>552,524</b>	<b>1,300,286</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>946,573</b>	<b>546,721</b>	<b>2,369,531</b>	<b>(552,524)</b>	<b>(1,300,286)</b>

### Foreign exchange risk

The Company has exposure to changes in foreign exchange rate risk as a result of transactions denominated in foreign currencies arising mainly from sales and purchase of goods.

Exposure to currency risk is monitored on an on-going basis and the Company endeavours to keep the net exposure at an acceptable level.

The impact of changes in foreign exchange rates to profit after tax has been assessed by the Company and not expected to be significant.

### Interest rate risk

The Company is exposed to interest rate risk for changes in interest rates primarily for the term loans.

The impact of changes in interest rates to profit after tax has been assessed by the Company and not expected to be significant.



# BELLEWAVE COSMETICS PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

### 24 FAIR VALUES OF FINANCIAL INSTRUMENTS

The table below represents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy -

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 31 March 2019 -				
Financial assets, at Fair Value through Profit or Loss ("FVPL")	-	-	81,676	81,676

The financial assets at FVPL represents investment in life insurance plan. The fair value of the investment in life insurance plan is based on the cash value provided by the insurer without adjustment.

The carrying value less impairment provision of current trade receivables, trade payables and borrowings are approximate to their fair values due to the relatively short-term maturity of these financial instruments.

### 25 FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of the different categories of financial instruments were as follows:

	2019 \$	2018 \$
<b>Financial assets measured at amortised cost</b>		
Trade and other receivables	406,115	338,055
Amount due from related companies	2,693,506	2,366,184
Cash and bank balances	14,201	48,159
Total financial assets measured at amortised cost	3,113,822	2,752,398
<b>Financial assets measured at fair value through profit or loss (FVPL)</b>		
Investment in life insurance plan	81,676	-
Total financial assets measured at FVPL	81,676	-
<b>Financial liabilities measured at amortised cost</b>		
Term loan	1,800,001	1,553,589
Trade and other payables	87,130	61,494
Amount due to related companies	133,435	190,742
Total financial liabilities measured at amortised cost	2,020,566	1,805,825

### 26 CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of debt, which includes the amounts due to related companies (Note 8) and equity attributable to equity holders, which comprises share capital (Note 10) and retained earnings.

# **BELLEWAVE COSMETICS PTE. LTD.**

## **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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### **27 COMPARATIVE FIGURES**

The financial statements for the financial year ended 31 March 2018 were audited by another firm of Chartered Accountants.

Certain comparative figures in Note 7, Note 8 and Note 13 to the financial statements have been reclassified to conform with the current financial year's presentation.

### **28 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 19 June 2019.

*THE FOLLOWING SCHEDULES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS*

**BELLEWAVE COSMETICS PTE. LTD.**  
**DETAILED STATEMENT OF PROFIT OR LOSS**  
*For the financial year ended 31 March 2019*  
*(Expressed in Singapore Dollars)*

	2019 \$
Revenue	3,383,118
Less: <u>Cost of sales</u>	
Factory wages and benefits	(118,178)
Freight inward	(6,733)
Purchase of materials & consumables	(1,633,742)
	(1,758,653)
Gross Profit	1,624,465
Add: <u>Other income</u>	
Government grant	4,931
Miscellaneous income	49
Rental income	85,276
Write-back of retainer fees	190,000
	280,256
Less: <u>Operating expenses</u>	
Administrative expenses	(1,611,828)
Other expenses	(20,820)
Finance expenses	(47,270)
	(1,679,918)
Loss before tax	224,803
Add: Income tax benefit	10,703
Loss for the year	235,506

## BELLEWAVE COSMETICS PTE. LTD.

## DETAILED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 March 2019

(Expressed in Singapore Dollars)

	2019 \$
<b>ADMINISTRATIVE EXPENSES</b>	
Audit fees	4,000
Balance round off	(5)
Bank charges	9,595
Boarding and lodging expenses	19,565
Consultancy charges	117,749
Conveyance expenses	4,241
Depreciation of plant, property and equipment	157,661
Discount and schemes	30,991
Employee benefit	785,168
Entertainment	54
Fees and subscription	6,892
Foreign worker levy fees	32,100
Freight outward	24,571
Gift expenses	3,470
Insurance expenses	21,877
Internet and website expenses	6,419
Listing and registration fees	42,476
Office expenses and maintenance fees	26,425
Printing and stationery	15,305
Professional expenses	4,127
Property tax	9,890
Repair and maintenance fees - Computer	6,074
Retainer fees	86,400
Sales commission	25
Sales promotion (marketing)	93,569
Secretarial fees	126
Staff recruitment expenses	23,397
Tax filing fees	450
Telephone expenses	26,688
Travelling expenses	41,273
Utilities charges	6,983
Vehicle running and maintenance fees	4,272
	<u>1,611,828</u>
<b>OTHER EXPENSES</b>	
Fair value change of insurance plan	20,315
Loss on foreign exchange	505
	<u>20,820</u>
<b>OTHER EXPENSES</b>	
Loan interest	47,270
	<u>47,270</u>