

NAGA FAR EAST PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 201726071D

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2019

	<u>Notes</u>	<u>2019</u> US\$	<u>2018</u> US\$
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	6	37,830	75,323
Other receivables	7	32,978	-
		<u>70,808</u>	<u>75,323</u>
Total Assets		<u><u>70,808</u></u>	<u><u>75,323</u></u>
<u>Equity and Liabilities</u>			
<u>Capital and Reserves</u>			
Share capital	8	75,758	75,758
Accumulated profits/(losses)		(8,651)	(4,044)
		<u>67,107</u>	<u>71,714</u>
<u>Current Liabilities</u>			
Other payables	9	3,701	3,609
Corporate tax	5	-	-
		<u>3,701</u>	<u>3,609</u>
Total Equity and Liabilities		<u><u>70,808</u></u>	<u><u>75,323</u></u>

(The annexed notes form an integral part of and should be read in conjunction with these accounts).

NAGA FAR EAST PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 201726071D

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE YEAR ENDED 31ST MARCH 2019

	<u>Notes</u>	<u>2019</u> US\$	<u>2018</u> US\$
Revenue	3	-	-
<u>Other income</u>			
Net gain from futures trading	3.1	2,978	-
<u>Expenses</u>			
General & administrative expenses	4	(7,585)	(4,044)
Loss before tax		(4,607)	(4,044)
Income Tax	5	-	-
Loss after tax		(4,607)	(4,044)
Other comprehensive income		-	-
Total comprehensive income for the year after tax		(4,607)	(4,044)

(The annexed notes form an integral part of and should be read in conjunction with these accounts).

NAGA FAR EAST PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 201726071D

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

	Share Capital US\$	Accumulated Profits/(loss) US\$	Total US\$
On the date of incorporation 13.09.2017	75,758	-	75,758
Add: Total comprehensive income after taxation for the period ended 31 st March 2018	-	(4,044)	(4,044)
Balance as on 31st March 2018	75,758	(4,044)	71,714
Add: Total comprehensive income after taxation for the year ended 31 st March 2019	-	(4,607)	(4,607)
Balance as on 31st March 2019	75,758	(8,651)	67,107

(The annexed notes form an integral part of and should be read in conjunction with these accounts).

NAGA FAR EAST PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 201726071D

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2019

	<u>Notes</u>	<u>2019</u> US\$	<u>2018</u> US\$
Cash Flows from Operating Activities			
Net loss before taxation		(4,607)	(4,044)
		(4,607)	(4,044)
<u>Change in working capital</u>			
Increase in trade & other receivables		(32,978)	-
Increase in trade & other payables		92	3,609
Net cash from operating activities		(37,493)	(435)
 Cash Flows from Investing Activities		 -	 -
Net cash used in investing Activities		-	-
 Cash Flows from Financing Activities			
Capital injection		-	75,758
Net cash used in financing activities		-	75,758
 Net increase/(decrease) in cash & cash equivalents		 (37,493)	 75,323
 Cash and cash equivalents at the beginning		 75,323	 -
 Cash and cash equivalents at the end	 6	 37,830	 75,323

(The annexed notes form an integral part of and should be read in conjunction with these accounts).

NAGA FAR EAST PRIVATE LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 201726071D

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

1. CORPORATE INFORMATION

The financial statements of the Company for the year ended 31st March 2019, were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

Naga Far East Private Limited is a limited liability non-exempt private Company, incorporated in the Republic of Singapore under Registration No: 201726071D.

The principal activities of the Company are to carry on the business of general importers and exporters. There have been no significant changes in the nature of these activities during the year. As at the date of this report, the Company has not commenced operations of general importers and exporters. During the year, the Company has opened futures commodity trading account and has done trades in the account.

The registered office of the Company is situated at 77, High Street, #03-10, High Street Plaza, Singapore 179433.

Functional and reporting currency adopted by the Company is United States Dollars.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared in **United States Dollars** 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 judgment 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 these 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.

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.2 Adoption of new and amended standards and interpretations

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 which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 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 did not have any material effect on the financial performance or position of the Company.

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 applied FRS 109 retrospectively, with an initial application date of 1 April 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39. The impact arising from FRS 109 adoption was included in the opening retained earnings and other components of equity at the date of initial application.

There was no material effect of adopting FRS 109 as at 1 April 2018

(a) **Classification and measurement**

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Company.

The Company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Company's financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.2 Adoption of new and amended standards and interpretations, cont'd

(b) Impairment

The adoption of FRS 109 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debt instruments not held at FVPL.

Upon adoption of FRS 109, the Company did not have impact on impairment on the Company's trade receivable as at 1 April 2018 as the Company did not have trade receivables.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard only to contract that are not completed as at 1 April 2018.

There was no material effect of initially applying FRS 115 at the date of initial application. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and related interpretations.

Naga Far East Private Limited**Notes to the Accounts for the year ended 31st March 2019**

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd**2.2 Adoption of new and amended standards and interpretations, cont'd****FRS 115 Revenue from Contracts with Customers, cont'd**

The adoption of FRS 115 did not have material impact on the statement of financial position, statement of profit or loss and other comprehensive income or the Company's operating, investing and financing cashflows.

2.3 NEW OR REVISED STANDARDS AND INTERPRETATIONS

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

Description	Effective for annual periods beginning on or after
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 Interest in Associates and Joint ventures	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Asset between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of these standards above will have no material impact on the financial statements in the period of initial application.

2.4 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred.

Naga Far East Private Limited**Notes to the Accounts for the year ended 31st March 2019**

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd**2.4 PROPERTY, PLANT AND EQUIPMENT, cont'd**

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated to write off the cost of fixed assets less estimated residual value over their estimated useful lives on the straight-line method at the following annual rates:

Furniture & Fittings	33.33%
Office Equipments	33.33%
Computers	100%

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

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.5 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 rates and tax laws 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 end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Naga Far East Private Limited

Notes to the Accounts for the year ended 31st March 2019

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.5 TAXES, cont'd

(b) Deferred tax, cont'd

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)

Revenues, 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.

2.6 CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("the functional currency"). The financial statements are prepared in United State dollars, which is the functional currency of the Company which is also the presentation currency of the Group.

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into United States dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit and loss account in the period in which they arise. However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.6 CURRENCY TRANSLATION, cont'd

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.7 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 such indication exists, (or, where applicable, 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 to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognized in the profit and loss account.

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.

2.8 FINANCIAL INSTRUMENTS

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

(a) Financial assets

Initial recognition and measurement

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

Naga Far East Private Limited

Notes to the Accounts for the year ended 31st March 2019

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.8 FINANCIAL INSTRUMENTS, cont'd

(a) Financial assets, cont'd

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, 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 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.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Company only has debt instruments at amortised cost.

Financial assets 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. 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.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Naga Far East Private Limited

Notes to the Accounts for the year ended 31st March 2019

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.8 FINANCIAL INSTRUMENTS, cont'd

(a) Financial assets, cont'd

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. 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.

(b) 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 FVPL, directly attributable transaction costs.

Subsequent measurement

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, and through the amortisation process.

Derecognition

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

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.8 FINANCIAL INSTRUMENTS, cont'd

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

a) 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 financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVPL, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

Cash and cash equivalents comprise cash at banks and on hand.

Loans and receivables comprise loan to the holding Company, trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks and on hand.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets which are not classified as held-to-maturity investments, loans and receivables or financial assets at FVPL.

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.8 FINANCIAL INSTRUMENTS, cont'd

a) Financial assets, cont'd

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition 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 has been recognised in other comprehensive income is recognised in profit or loss.

b) 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.

Such financial liabilities comprise trade and other payables, and bank borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.8 FINANCIAL INSTRUMENTS, cont'd

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 IMPAIRMENT OF FINANCIAL ASSETS

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

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 considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider 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.

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.9 IMPAIRMENT OF FINANCIAL ASSETS, cont'd

Financial assets carried at amortised cost, cont'd

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

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.10 CASH AND CASH EQUIVALENTS

For the purpose of presentation in statement of cash flows, cash and cash equivalents consist of cash on hand and in banks which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

For the purposes of statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits which are not restricted as to use.

2.11 BORROWING COSTS

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.12 PROVISIONS AND CONTINGENCIES

General

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.

2.13 EMPLOYEE BENEFITS

Defined contribution plan

As required by law, the Company makes contributions to the Central Provident Fund (CPF). CPF contributions are recognized as compensation expense in the same financial year as the employment that gives rise to the contribution.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Naga Far East Private Limited

Notes to the Accounts for the year ended 31st March 2019

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.14 HOLDING COMPANY

Holding company is defined as a company which holds the entire share capital of the Singapore subsidiary company.

2.15 INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries is stated at cost less accumulated impairment losses, if any, in the Company's statement of financial position. On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amounts of the investment is taken to the income statement.

2.16 RELATED COMPANY

- a. A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- b. An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) 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).
 - (ii) 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)
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) 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;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.17 SHARE CAPITAL

Ordinary and preference shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd

2.18 DIVIDEND TO COMPANY'S SHAREHOLDERS

Dividends to Company's shareholders are recognized when the dividends are approved for payment.

2.19 REVENUE

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 when the goods are delivered to the customer and all criteria for acceptance have been satisfied. Goods are usually sold with no right to return and with no retrospective volume rebates.

Rendering of services

Revenue is recognized on a periodic basis as the services are performed and accepted by the customers.

Interest income

Interest income is recognised using the effective interest rate method.

Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

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

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

Naga Far East Private Limited**Notes to the Accounts for the year ended 31st March 2019**

2. SIGNIFICANT ACCOUNTING POLICIES, cont'd**2.19 REVENUE, cont'd****Sale of services**

Revenue from general wholesale trade, import and export of goods.

Interest income

Interest income is recognized using the effective interest method.

3. PRINCIPAL ACTIVITIES & TURNOVER

Principal activities of the Company are to carry on the business of general wholesale trade (including general importers and exporters). During the year the Company did not have any trading.

3.1 OTHER INCOME

During the year the Company has opened a futures commodity trading account and have traded in futures crude oil.

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Gain on futures trading	5,210	-
Less: commission and charges	(2,232)	-
	<u>2,978</u>	<u>-</u>

4. OTHER OPERATING EXPENSES

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Audit fee	2,927	-
Bank charges	2,798	435
Legal & professional charges	1,746	3,609
Postage and courier	114	-
	<u>7,585</u>	<u>4,044</u>

5. INCOME TAX**CURRENT TAX**

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Current tax	-	-

Naga Far East Private Limited

Notes to the Accounts for the year ended 31st March 2019

5. INCOME TAX, cont'd

The income tax expense varied from the amount of income tax expense determined by applying the Singapore Income tax rate of 17% for the years ended 31st March 2019 and 31st March 2018 to profit before tax as a result of the following differences:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Loss before tax	<u>(4,607)</u>	<u>(4,044)</u>
Tax calculated @ 17%	(783)	(687)
Disallowed expenses	-	687
Deferred tax asset not recognised	783	-
	<u>-</u>	<u>-</u>

6. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Bank balance in current account	37,830	75,323
	<u>37,830</u>	<u>75,323</u>

Bank balance is designated in US dollars.

7. OTHER RECEIVABLES

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Funds in futures commodity trading account	32,978	-
	<u>32,978</u>	<u>-</u>

The deposit is designated in US dollars.

8. SHARE CAPITAL

	<u>2019</u>	<u>2018</u>
	US\$	US\$
<u>Issued and fully paid-up capital</u>		
<u>Shares at the date of incorporation</u>		
10,000 equity shares of S\$10.00 each fully paid	75,758	75,758
	<u>75,758</u>	<u>75,758</u>

Naga Far East Private Limited**Notes to the Accounts for the year ended 31st March 2019****8. SHARE CAPITAL, cont'd**

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. The ordinary shares do not have any par value.

9. TRADE AND OTHER PAYABLES

	<u>2019</u>	<u>2018</u>
	US\$	US\$
Expenses payables	3,701	3,609
	<u>3,701</u>	<u>3,609</u>

Expenses payable are designated in US dollars. These are payable to the holding company. They are non-interest bearing.

10. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintain a strong credit rating and net current asset position in order to support its business and maximize shareholder value. The capital structure of the Company comprises share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31st March 2019.

11. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument which they are assigned and therefore by the measurement basis:

	<u>2019</u>	<u>2018</u>
	US\$	US\$
<u>Financial assets measured at amortised cost</u>		
Other receivables (Note 7)	32,978	-
Cash and cash equivalents (Note)	37,830	75,323
Total financial assets measured at amortised cost	<u>70,808</u>	<u>75,323</u>
<u>Financial Liabilities at amortised cost</u>		
Other payables	3,701	3,609
Total Financial Liabilities at amortised cost	<u>3,701</u>	<u>3,609</u>

12. FINANCIAL RISK MANAGEMENT

The Company does not have any written financial risk management policies and guidelines. The Company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in Interest rates and foreign exchange. The Company's exposures to financial risks associated with financial instruments held in the ordinary course of business include:

a. 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 has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs on going credit evaluation of its counterparties' financial condition and generally do not require collateral.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

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 Group's major classes of financial assets are cash and cash equivalents and other receivables as disclosed in Note 11. The Group's current credit risk grading framework comprises the following categories:

<u>Category</u>	<u>Definition of category</u>	<u>Basis for recognizing expected credit loss (ECL)</u>
1.	Counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
2.	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
3.	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired (in default)	Lifetime ECL – credit impaired
4	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

12. **FINANCIAL RISK MANAGEMENT, cont'd**

b. Credit Risk, cont'd

The Company has does not have significant exposure to credit risk.

Financial assets that are neither past due nor impaired

Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Other receivables are funds with futures trading account is with a reputable trading firm with high credit ratings and no history of default.

b. Liquidity Risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. 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 ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The Company maintains sufficient level of cash and cash equivalents and has available adequate facilities to meet its working capital requirements.

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.

2019	<u>Carrying</u>	<u>Contractual</u>	<u>One year</u>	<u>Two and</u>
	<u>Amt</u>	<u>cash flows</u>	<u>or less</u>	<u>more years</u>
<u>Financial assets</u>				
Other receivables	32,978	32,978	32,978	-
Cash and cash equivalents	37,830	37,830	37,830	-
Total undiscounted financial assets	70,808	70,808	70,808	-
<u>Financial liabilities</u>				
Other payables	3,701	3,701	3,701	-
Total undiscounted financial liabilities	3,701	3,701	3,701	-
Total net undiscounted financial assets	67,107	67,107	67,107	-

Naga Far East Private LimitedNotes to the Accounts for the year ended 31st March 2019**12. FINANCIAL RISK MANAGEMENT, cont'd**

<u>2018</u>	<u>Carrying Amt</u>	<u>Contractual cash flows</u>	<u>One year or less</u>	<u>Two and more years</u>
<u>Financial assets</u>				
Cash and cash equivalents	75,323	75,323	75,323	-
Total undiscounted financial assets	75,323	75,323	75,323	-
<u>Financial liabilities</u>				
Other payables	3,609	3,609	3,609	-
Total undiscounted financial liabilities	3,609	3,609	3,609	-
Total net undiscounted financial assets	71,714	71,714	71,704	-

c. Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company does not have exposure to interest bearing financial instruments.

(ii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying and selling in the same currencies, where necessary, buying or selling foreign currencies at spot rates to address short term imbalances.

The Company does not expect significant effect on the Company's profit or loss arising from movement in foreign exchange rates.

13. FAIR VALUES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

13. FAIR VALUES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

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

14. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments made in applying accounting policies

The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.
