

PROJECT DIGNITY PTE. LTD.

(Incorporated in Singapore)
Co reg no : 201017313E
AND ITS SUBSIDIARY

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2022**



ONG TONG WANG & CO

Chartered Accountants of Singapore

PROJECT DIGNITY PTE. LTD.

(Incorporated in Singapore)

Co reg no : 201017313E

AND ITS SUBSIDIARY

Director

Koh Seng Choon

Secretary

Ng Hoe Chor

Registered Office

69 Boon Keng Road, Singapore 339772

Auditors

Ong Tong Wang & Co

Bankers

Oversea Chinese Banking Corporation Limited

DBS Bank Limited

United Overseas Bank limited

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DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The sole director is pleased to present his statement to the member together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

1 OPINION OF THE DIRECTORS

In the opinion of the sole director,

- (a) the financial statements set out on page 6 to 45 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance and changes in equity of the Group and the Company and cash flows of the Group for the year ended on that date, 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 OF THE COMPANY

The director in office at the date of this statement are:

Koh Seng Choon

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The director holding office at the end of the financial year had interests in the shares or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Companies Act 1967.

Name of Directors	Holding in the name of the Directors		Other holdings in which Directors are deemed to have interest	
	At 01.01.22	At 31.12.22	At 01.01.22	At 31.12.22
The company				
Koh Seng Choon	50,000	50,000	-	-
The subsidiary				
- Project Dignity (Hong Kong) Company Limited				
Koh Seng Choon	-	-	50,000	50,000

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**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

5 SHARE OPTIONS

During the financial year, no options were granted by the Company or its subsidiary to take up unissued shares of the Company or of its subsidiary.

During the financial year, no shares of the Company or of its subsidiary were issued by virtue of the exercise of any options granted by the Company or its subsidiary.

There were no unissued shares of the Company or of its subsidiary under option granted by the Company or its subsidiary at the end of the financial year.

6 INDEPENDENT AUDITORS

The independent auditors, Messrs Ong Tong Wang & Co, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTOR



.....
Koh Seng Choon
Sole Director

Singapore, 14 August 2023



Chartered Accountants of Singapore
111 North Bridge Road, #15-03 Peninsula Plaza
Singapore 179098

Tel : 6336 4889
Fax : 6837 3556

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PROJECT DIGNITY PTE. LTD.

(Incorporated in Singapore)

Co reg no : 201017313E

AND ITS SUBSIDIARY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Project Dignity Pte. Ltd. (the Company)** and its subsidiary (**the Group**) for the year ended **31 December 2022** as set out on pages 6 to 45. These financial statements comprise the group and company balance sheet, statement of profit or loss and other comprehensive income, statement of changes in equity, the group cash flow statement, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and the financial performance, changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

In the previous financial year end 31 December 2021, the previous auditor made the following qualifications:

"No access to the company's subsidiary's working papers. The Company's investment in Project Dignity (Hong Kong) Company Limited (PDHK), a 100% owned subsidiary is carried at S\$17 in the statement of financial position. We do not have access to the audit working papers as we are not auditors for PDHK. Management is of the opinion that it is not economically viable for us to travel to the location of the component auditors' office for the review of the working papers. We were not able to perform any other satisfactory alternative procedures for us to fulfil the requirements of Singapore Standard on Auditing 600, Special Considerations – Audit of Group Financial Statements (including the Work of Component Auditors) and we are unable to satisfy ourselves if there are sufficient disclosures in the accompanying notes of the Group's financial statements.

Accuracy of PDHK's sales of goods and advance sponsorship fee. PDHK recorded sales of goods of \$1,545,828 which comprises sales of bento boxes amounted to \$628,382. However, the component auditors were not provided with the necessary information and documentation from the sole director to enable them to verify its movement with an account called "advance sponsorship fee" of \$69,418 which was included in other payables, deposits and accruals of \$187,696 as at 31 December 2021. There were no other satisfactory audit procedures that they could adopt to satisfy themselves and as a result, they were unable to determine whether any adjustments were necessary in respect of these in the financial statements which might have a significant consequential effect on the loss for the current year and the net liabilities value as at 31 December 2021."

The above amounts were brought forward to the current financial year 31 December 2022 as opening balance. As such, we are unable to ascertain the reasonableness of the consolidated balance sheet figures and also the reasonableness of the advance sponsorship fee of S\$69,418 which was brought forward to the current financial year as opening balances due to insufficient details and information.



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements - cont'd

Basis for Qualified Opinion - cont'd

As at financial year ended 31 December 2022 audit, we were also unable to access the audit working papers of component auditors as required by SSA 600 as the management are of the opinion such requirements are not cost beneficial to the Company. As such we are unable to ascertain the reasonableness of the subsidiary balance sheet and profit or loss figures that were consolidated into the group figures.

During the financial year 31 December 2022, PDHK recorded sponsorship income for social programme of S\$597,236. However, the component auditors were not provided with the necessary information and documentation from the sole director to enable them to verify its movement in the advance sponsorship fee of \$56,840 which was included in the accruals and other payables of \$162,766 as at 31 December 2022. There were no other satisfactory audit procedures that they could adopt to satisfy themselves and as a result, they were unable to determine whether any adjustments were necessary in respect of these in the financial statements which might have a significant consequential effect on the loss for the current year and the net liabilities value as at 31 December 2022.

During the financial year ended 31 December 2022, we were unable to verify the reasonableness of the Company's general expenses of S\$117,163 that were due to over-accounted grant receivable written off and sponsorship income of S\$82,640 that was accounted in the Company's and the Group's other income of S\$1,222,792 and S\$1,434,911 respectively due to insufficient details and information.

During the course of audit, we noted the Company and the Group basis of revenue recognition for its pay-it-forward program was not reasonable. This was accounted based on monthly collection instead based on performance completion. As such, the pay-it-forward program revenue of S\$219,996 that were accounted in the Company's and the Group's revenue of S\$2,406,430 and S\$3,512,715 respectively were not reasonable stated.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.4 and Note 3.3 in the financial statements, the Group and the Company total liabilities exceed its total assets by S\$1,264,437 and S\$9,635 respectively. As stated in Note 2.4 and Note 3.3, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. However, the shareholder has confirmed that he will provide the necessary financial support to the Group and the Company as and when required to ensure the Group and the Company is in going concern. Our opinion is not modified in respect of this matter.



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements - cont'd

Other Matter

The previous year ended 31 December 2021 audited financial statements were audited by another auditor who expressed a modified opinion (qualified opinion) on those statements on 20 January 2023. The previous auditor modified opinion was:

"a) No access to the company's subsidiary's working papers

The Company's investment in Project Dignity (Hong Kong) Company Limited (PDHK), a 100% owned subsidiary is carried at S\$17 in the statement of financial position. We do not have access to the audit working papers as we are not auditors for PDHK. Management is of the opinion that it is not economically viable for us to travel to the location of the component auditors' office for the review of the working papers. We were not able to perform any other satisfactory alternative procedures for us to fulfil the requirements of Singapore Standard on Auditing 600, Special Considerations – Audit of Group Financial Statements (including the Work of Component Auditors) and we are unable to satisfy ourselves if there are sufficient disclosures in the accompanying notes of the Group's financial statements.

b) Accuracy of PDHK's sales of goods and advance sponsorship fee

PDHK recorded sales of goods of \$1,545,828 which comprises sales of bento boxes amounted to \$628,382. However, the component auditors were not provided with the necessary information and documentation from the sole director to enable them to verify its movement with an account called "advance sponsorship fee" of \$69,418 which was included in other payables, deposits and accruals of \$187,696 as at 31 December 2021. There were no other satisfactory audit procedures that they could adopt to satisfy themselves and as a result, they were unable to determine whether any adjustments were necessary in respect of these in the financial statements which might have a significant consequential effect on the loss for the current year and the net liabilities value as at 31 December 2021."

Other information

The Company's management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements - cont'd

Responsibilities of Management and Directors for the Financial Statements

The Company's 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Group'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 be 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.



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Report on the Audit of the Financial Statements - cont'd

Auditor's Responsibilities for the Audit of the Financial Statements - cont'd

- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 has been properly kept in accordance with the provisions of the Act.

ONG TONG WANG & CO
Public Accountants and
Chartered Accountants
Singapore

Singapore, 14 August 2023

PROJECT DIGNITY PTE. LTD.

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(Incorporated in Singapore)

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AND ITS SUBSIDIARY**BALANCE SHEETS AS AT 31 DECEMBER 2022**

	Note	The Group		The Company	
		2022 S\$	2021 S\$	2022 S\$	2021 S\$
ASSETS LESS LIABILITIES					
Non-Current Assets					
Plant and equipment	4	437,280	896,290	428,388	682,755
Right-of-use assets	5	69,386	148,881	69,386	148,881
Investment in subsidiary	6	-	-	17	17
		<u>506,666</u>	<u>1,045,171</u>	<u>497,791</u>	<u>831,653</u>
Current Assets					
Inventories	7	17,716	13,764	-	-
Trade and other receivables	8	402,632	403,508	628,497	681,353
Cash and cash equivalents	10	926,005	1,221,461	373,104	409,108
Tax recoverable		31,631	-	31,631	-
		<u>1,377,984</u>	<u>1,638,733</u>	<u>1,033,233</u>	<u>1,090,461</u>
Total Assets		<u><u>1,884,650</u></u>	<u><u>2,683,904</u></u>	<u><u>1,531,024</u></u>	<u><u>1,922,114</u></u>
Non-Current Liabilities					
Loans due to director	12	344,600	346,600	-	-
Lease liabilities	13	10,711	47,431	10,711	47,431
Bank term loans (secured)	14	1,100,383	1,192,955	202,382	153,155
		<u>1,455,694</u>	<u>1,586,986</u>	<u>213,093</u>	<u>200,586</u>
Current Liabilities					
Bank overdraft (secured)	10	-	65,972	-	65,972
Trade and other payables	11	1,372,985	1,761,598	1,142,956	1,542,969
Lease liabilities	13	36,270	83,622	36,270	83,622
Bank term loans (secured)	14	284,138	139,691	148,339	139,691
		<u>1,693,393</u>	<u>2,050,883</u>	<u>1,327,565</u>	<u>1,832,254</u>
Total Liabilities		<u><u>3,149,087</u></u>	<u><u>3,637,869</u></u>	<u><u>1,540,658</u></u>	<u><u>2,032,840</u></u>
Net Assets/(Liabilities)		<u><u>(1,264,437)</u></u>	<u><u>(953,965)</u></u>	<u><u>(9,635)</u></u>	<u><u>(110,726)</u></u>
EQUITY ATTRIBUTABLE TO OWNER					
Share capital	15	50,000	50,000	50,000	50,000
Foreign currency translation reserve	16	14,034	8,011	-	-
Retained earnings/(Accumulated losses)		<u>(1,328,471)</u>	<u>(1,011,976)</u>	<u>(59,635)</u>	<u>(160,726)</u>
		<u>(1,264,437)</u>	<u>(953,965)</u>	<u>(9,635)</u>	<u>(110,726)</u>
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Equity		<u><u>(1,264,437)</u></u>	<u><u>(953,965)</u></u>	<u><u>(9,635)</u></u>	<u><u>(110,726)</u></u>

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

PROJECT DIGNITY PTE. LTD.

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(Incorporated in Singapore)

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AND ITS SUBSIDIARY**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	The Group		The Company	
		2022 S\$	2021 S\$	2022 S\$	2021 S\$
Revenue	17	3,512,715	3,801,504	2,406,430	2,255,676
Cost of sales		(2,430,791)	(2,328,693)	(2,176,103)	(2,003,959)
Gross profit		<u>1,081,924</u>	<u>1,472,811</u>	<u>230,327</u>	<u>251,717</u>
Other income	18	<u>1,434,911</u>	<u>1,177,344</u>	<u>1,222,792</u>	<u>1,223,841</u>
		2,516,835	2,650,155	1,453,119	1,475,558
Administrative expenses		(77,054)	(41,083)	(66,056)	(32,071)
Other operating expenses		(2,705,737)	(2,538,518)	(1,264,913)	(1,021,348)
Finance costs	19	(50,539)	(30,336)	(21,059)	(30,336)
Profit/(loss) before taxation	20	<u>(316,495)</u>	<u>40,218</u>	<u>101,091</u>	<u>391,803</u>
Taxation	22	-	-	-	-
Net profit/(loss) for the year		<u>(316,495)</u>	<u>40,218</u>	<u>101,091</u>	<u>391,803</u>
Other comprehensive income/(loss) :					
Item that will be reclassified to profit or loss					
Foreign currency translation of subsidiaries		6,023	-	-	-
Total comprehensive income/(loss) for the year		<u>(310,472)</u>	<u>40,218</u>	<u>101,091</u>	<u>391,803</u>
Profit/(loss) attributable to:					
Owners of the Company		(316,495)	40,218	101,091	391,803
Non-controlling interests		-	-	-	-
		<u>(316,495)</u>	<u>40,218</u>	<u>101,091</u>	<u>391,803</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Company		(310,472)	40,218	101,091	391,803
Non-controlling interests		-	-	-	-
		<u>(310,472)</u>	<u>40,218</u>	<u>101,091</u>	<u>391,803</u>

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

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AND ITS SUBSIDIARY**STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022**

The Group	<--Attributable to owners of company-->			
	Share Capital S\$	Foreign Currency Translation Reserve S\$	Retained Earnings/ (Accumulated Losses) S\$	Total S\$
As at 1 January 2021	50,000	2,405	(1,052,194)	(999,789)
Total comprehensive income for the year	-	5,606	40,218	45,824
As at 31 December 2021	50,000	8,011	(1,011,976)	(953,965)
Total comprehensive income/(loss) for the year	-	6,023	(316,495)	(310,472)
As at 31 December 2022	<u>50,000</u>	<u>14,034</u>	<u>(1,328,471)</u>	<u>(1,264,437)</u>
The Company	Share Capital S\$	Foreign Currency Translation Reserve S\$	Retained Earnings/ (Accumulated Losses) S\$	Total S\$
As at 1 January 2021	50,000	-	(552,529)	(502,529)
Total comprehensive income for the year	-	-	391,803	391,803
As at 31 December 2021	50,000	-	(160,726)	(110,726)
Total comprehensive income for the year	-	-	101,091	101,091
As at 31 December 2022	<u>50,000</u>	<u>-</u>	<u>(59,635)</u>	<u>(9,635)</u>

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

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AND ITS SUBSIDIARY**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

		The Group	
	Note	2022 S\$	2021 S\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) before taxation		(316,495)	40,218
Adjustments for:			
Depreciation plant & equipment	4	573,229	523,711
Depreciation of right-of-use assets	5	121,912	87,572
Finance costs		50,539	30,336
Exchange differences		8,869	(3,871)
Operating profit before working capital changes		<u>438,054</u>	<u>677,966</u>
Changes in working capital:			
Inventories		(3,952)	(3,077)
Trade and other receivables		876	34,621
Trade and other payables		(421,613)	(133,004)
Cash generated from operations		<u>13,365</u>	<u>576,506</u>
Interest paid		(46,483)	(24,439)
Taxation refunded/(paid)		(31,631)	-
Net cash generated from/(used in) operating activities		<u>(64,749)</u>	<u>552,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(112,377)	(384,648)
Net cash generated from/(used in) investing activities		<u>(112,377)</u>	<u>(384,648)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount due to a director - non-trade		-	(92,500)
Loans due to director		(2,000)	(370,900)
Payment of term loans		(198,125)	(126,635)
Proceed from term loans		250,000	1,039,800
Principal payment of lease liability		(93,489)	(84,278)
Lease interest paid		(4,056)	(5,897)
Net cash generated from/(used in) financing activities		<u>(47,670)</u>	<u>359,590</u>
Net increase/(decrease) in cash and cash equivalents		(224,796)	527,009
Cash and cash equivalents at beginning of year		1,155,489	628,480
Effect of exchange rate changes on cash and cash equivalent		(4,688)	-
Cash and cash equivalents at end of year	10	<u><u>926,005</u></u>	<u><u>1,155,489</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

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

1 CORPORATE INFORMATION

Project Dignity Pte. Ltd. is a limited liability company incorporated and domiciled in Singapore with its registered address and principal place of business at 69 Boon Keng Road, Singapore 339772.

The principal activities of the Company are that of provision of technical and vocational education and training relating to kitchen and food and as operators of food courts, coffee shops and eating house. There have been no significant changes in the nature of these activities during the financial year. The principal activities of the subsidiary are set out in note 6 of the financial statements.

The financial statement of the Group and the Company for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 14 August 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Compliance and Basis of Financial Statements Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) under the Companies Act 1967. 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 dollar (S\$), which is the Company's functional currency and Group's presentation currency. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.2 Adoption of New or Revised FRS and Interpretation of FRS

In financial year 2022, the Group adopted all the new or revised FRS and interpretations of FRS that are applicable in the current financial year in its financial statement preparation. The adoption does not have material effect to the financial performance or position of the Group.

In the financial year 2022, the Group have not adopted any new or revised FRS and interpretations of FRS that have been issued but not yet effective which are applicable in the current financial year. The directors expect that the adoption will have no significant effect on the financial statements in the period of initial application.

2.3 Significant Accounting Estimates and Judgements

The preparation of financial statements in conformity with FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, expenses and disclosures made. Although the estimates and assumptions are assessed on an ongoing basis and are based on the management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.4 Fundamental Accounting Concept – Going Concern**

The financial statements have been prepared under the going concern basis of accounting on the assumption the Group is able to obtain continuing financial support from the director and shareholder as and when required.

2.5 Foreign Currency**2.5.1 Foreign Currency Transactions**

Transactions in foreign currencies are initially translated into the respective functional currencies of the Company and its subsidiaries, using the exchange rate in effect at the date of the transaction. At each balance sheet date, recorded monetary assets and liabilities that are denominated in foreign currencies are retranslated and adjusted to reflect the exchange rate at the balance sheet date. Exchange differences arising on settlement of monetary items or on retranslating monetary items at balance sheet date are recognised in the profit or loss account in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.5.2 Translation of Financial Statements of Foreign Entities

In preparation consolidated financial statements, the assets and liabilities of foreign entity are translated into Singapore dollars at exchange rate ruling at the balance sheet date. The profit or loss accounts of foreign entities are translated at the average rate for the financial year. The exchange differences arising from translation are taken directly to foreign currency translation reserves.

2.6 Consolidated Financial Statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the balance sheet date. The financial statements of the subsidiary are prepared for the same reporting date as the parent entity. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenditure and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.6 Consolidated Financial Statements - cont'd**

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenditure as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2.7 Subsidiary

A subsidiary is a company, in which the Group has the power to govern/control the financial and operating policies so as to obtain benefits from its activities. The Company generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors. In the Company's separate financial statements, investment in subsidiary is accounted at cost less impairment losses.

2.8 Non-controlling interests

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Company. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.9 Plant and Equipment

All items of plant and equipment are initially stated at cost. Subsequently, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Impairment of plant and equipment policy is stated in impairment for non-financial assets.

Depreciation is provided on the straight-line basis so as to write off the cost of plant and equipment over their estimated useful lives as follows:

	Years
Computer and IT equipment	1 – 3
Kitchen equipment	1 – 3
Office equipment	3
Other equipment	3
Renovation	3
Utensils	3

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.9 Plant and Equipment - cont'd**

The assets' residual value, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each reporting date. Plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss of derecognition is included in profit or loss account in the period of derecognition. Fully depreciated assets are kept in the accounts until they are no longer in use.

2.10 Right-of-use Assets

The Group as a lessee assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As a result of the lease contracts, the Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost. Subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, estimated cost to dismantle and remove the underlying assets or to restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful lives are as follows:

	Years
Leased retail store	1
Leased shop and office	3
Leased motor vehicles	5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as non-financial assets.

2.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the first-in-first out basis, and comprises all costs of purchase, costs of conversion 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 the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.12 Trade and Other Receivables**

Trade and other receivables are financial assets which are stated at original invoice amount which is the fair value, less allowance for doubtful debts. Trade receivables are measured at the amount of consideration to which the Group 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. An allowance for doubtful debts is recognised in the profit or loss account when there is objective evidence that the Group will not be able to collect the debts and when there is expected credit losses. The carrying amount approximates their fair value. Trade debtors generally have 30 days credit terms and are interest-free.

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted uses of cash are excluded from cash and cash equivalents.

2.14 Financial Assets

Financial assets are recognized on balance sheet when, and only when the Group becomes a party to the contractual provisions of the instruments. At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial asset not 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. Subsequently, financial assets are measured at amortised cost or fair value. Financial assets include trade and other receivables, investment securities and bank balances.

For debts instruments, depends on the Group'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:

2.14.1 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 any impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.14 Financial Assets - cont'd****2.14.2 Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measures at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses 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 de-recognised.

2.14.3 Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

For equity instruments, the Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investment are to be recognised in profit or loss when the Group's right to receive payments is established. Changes in fair value of financial assets at fair value through profit or loss are recognized in profit or loss. Changes in fair value of financial assets at FVOCI are recognised in other comprehensive income.

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 has been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2.15 Impairment of Financial Assets

At initial recognition of financial assets, the Group will assess the credit risk ie probability of default payment of financial assets for any impairment loss. The Group shall then recognise loss allowance for the expected credit loss (ECL) for all debt instruments not held at FVTPL and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract with customer and all the cash flows that the Group 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.15 Impairment of Financial Assets - cont'd**

Subsequently at each reporting date, the Group will reassess the credit risk of financial assets. For credit risk 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). Impairment loss or gain, the amount of expected credit losses (or reversal) is recognised in profit or loss.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 Impairment of Non-Financial Assets

The Group 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 Group 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 groups of assets. 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 recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.16 Impairment of Non-Financial Assets - cont'd**

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reverse in future periods.

2.17 Trade and Other Payables

Trade and other payables are financial liabilities which are initially stated at cost which is the fair value, and subsequently measured at amortised cost using the effective interest method. The carrying amount approximates their fair value. Trade creditors generally have 30-60 days credit terms and are interest-free.

2.18 Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual agreements of the financial instrument and are classified according to the substance of the contractual arrangements entered into. All financial liabilities other than financial liabilities at fair value through profit or loss are initially stated at cost which is the fair value plus direct attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. Any gains and losses are recognised in profit or loss account when the liabilities are derecognised or impaired, and through the amortisation process. Financial liabilities include borrowing, bank loans and overdraft, trade and other payables.

Financial liabilities at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are remeasured at fair value. Any gain or loss arising from changes in fair value, are recognised in profit or loss account.

Financial liability is de-recognised 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.

2.19 Lease Liabilities

The Group as a lessee assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As a result of lease contracts, the Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.19 Lease Liabilities - cont'd**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

2.20 Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After which loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gain and losses are recognised in the profit or loss account when the liabilities are derecognised as well as through amortisation process. All borrowing costs that are interest and other similar costs incurred in connection with the borrowing of funds are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

2.21 Deferred Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.21 Deferred Taxation - cont'd**

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

2.22 Income Tax

Current income tax assets or liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the tax amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax expense is recognised in profit or loss accounts except to the extent that the tax relates to items recognised outside profit or loss account, either in other comprehensive income or directly in equity.

2.23 Share Capital

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

2.24 Related Parties

A related party is defined as follows:-

- (a) A person or a close member of that person's family is related to the Group and the 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 Company or of a parent of the Company.

- (b) An entity is related to the Group and the Company if any of the following condition 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.24 Related Parties - cont'd**

- (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).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

2.25 Employee Benefits**2.25.1 Defined contribution plans**

The Group and the Company make contributions to the Central Provident Fund Scheme in Singapore and Mandatory Provident Fund in Hong Kong, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

2.25.2 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 Group and the Company have a present legal constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.26 Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchanged for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts.

Revenue is recognized when the Group 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. Revenue is recognised in the profit or loss account as follows:

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**2.26 Revenue Recognition - cont'd****2.26.1 Sale of Goods**

The Group sells foods and beverages. Revenue is recognised at the point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The amount of revenue recognised is based on the estimated transaction price, which comprised the contractual price, net of any estimated volume discounts and adjusted for expected returns.

2.26.2 Service Revenue

The Group provides technical and vocational education and training services. Service revenue is recognised over time when the services have been performed and rendered over time.

2.26.3 Sponsorship Revenue

The Group receives sponsorship revenue for its social programme, its expenses and its plant and equipment. Sponsorship revenue is recognised in other income when the entitlements are established either by matching them to the related costs incurred or when performance obligation was completed when services were rendered or goods were delivered to the customers or when plant and equipment were completed and available for use on a systematic basis.

2.27 Government grant

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When grant relates to an expense items, it is recognised in the profit or loss account over the period necessary to match them systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred income on the balance sheet and is amortised over the period of the expected useful life of the related assets.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

3 KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS MADE IN APPLYING ACCOUNTING POLICIES

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the critical judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below :

3.1 Useful Lives of Plant and Equipment

The cost of plant and equipment is depreciated on straight-line basis over the plant and equipment's estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 1 to 3 years. These are common useful life expectancies. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets which will revise the future amount to be depreciated. The carrying amount of plant and equipment is disclosed in note 4 to the financial statements.

3.2 Allowance for Doubtful Debts

At initial recognition and subsequently at each reporting date, the Group assess for any estimate credit loss (ECL). The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 9.

3.3 Going Concern

The Company's and Group's total liabilities exceed total assets as at year end 31 December 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's and the Group's ability to continue as a going concern. However, the director and shareholder has confirmed that he will provide the necessary financial support to the Company and the Group as and when required to enable the Company and the Group to operate as a going concern.

PROJECT DIGNITY PTE. LTD.

(Incorporated in Singapore)

Co reg no : 201017313E

AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

4 PLANT AND EQUIPMENT

The Group

2022	Computer & IT equipment S\$	Kitchen equipment S\$	Office equipment S\$	Other equipment S\$	Renovation S\$	Furniture & equipment S\$	Utensils S\$	Total S\$
Cost								
As at 01.01.22	130,771	263,111	24,287	15,464	1,072,143	338,431	21,190	1,865,397
Additions	1,000	6,340	1,287	1,400	107,621	-	379	118,027
Disposals	-	(5,650)	-	-	-	-	-	(5,650)
Exchange differences	-	-	-	-	(1,858)	(1,953)	(130)	(3,941)
As at 31.12.22	131,771	263,801	25,574	16,864	1,177,906	336,478	21,439	1,973,833
Accumulated depreciation								
As at 01.01.22	69,803	102,414	23,954	15,464	512,889	230,468	14,115	969,107
Depreciation for 2022	27,847	73,543	325	311	358,700	105,770	6,733	573,229
Disposals	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	(2,686)	(2,912)	(185)	(5,783)
As at 31.12.22	97,650	175,957	24,279	15,775	868,903	333,326	20,663	1,536,553
Net Book Value								
As at 31.12.22	34,121	87,844	1,295	1,089	309,003	3,152	776	437,280

PROJECT DIGNITY PTE. LTD.

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AND ITS SUBSIDIARY**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022****4 PLANT AND EQUIPMENT - cont'd****The Group**

2021	Computer & IT equipment S\$	Kitchen equipment S\$	Office equipment S\$	Other equipment S\$	Renovation S\$	Furniture & equipment S\$	Utensils S\$	Total S\$
Cost								
As at 01.01.21	134,457	95,428	28,934	16,174	1,219,038	338,965	20,349	1,853,345
Additions	63,407	175,532	500	-	119,720	2,759	1,039	362,957
Disposals	(67,093)	(7,849)	(5,147)	(710)	(263,590)	-	-	(344,389)
Exchange differences	-	-	-	-	(3,025)	(3,293)	(198)	(6,516)
As at 31.12.21	130,771	263,111	24,287	15,464	1,072,143	338,431	21,190	1,865,397
Accumulated depreciation								
As at 01.01.21	118,448	50,534	28,934	16,174	450,994	120,314	7,348	792,746
Depreciation for 2021	18,448	59,729	167	-	326,853	111,655	6,859	523,711
Disposals	(67,093)	(7,849)	(5,147)	(710)	(263,590)	-	-	(344,389)
Exchange differences	-	-	-	-	(1,368)	(1,501)	(92)	(2,961)
As at 31.12.21	69,803	102,414	23,954	15,464	512,889	230,468	14,115	969,107
Net Book Value								
As at 31.12.21	60,968	160,697	333	-	559,254	107,963	7,075	896,290

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NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022**4 PLANT AND EQUIPMENT - cont'd****The Company**

2022	Computer & IT equipment S\$	Kitchen equipment S\$	Office equipment S\$	Other equipment S\$	Renovation S\$	Total S\$
Cost						
As at 01.01.22	130,771	263,111	24,287	15,464	762,584	1,196,217
Additions	1,000	6,340	1,287	1,400	104,210	114,237
Disposals	-	(5,650)	-	-	-	(5,650)
As at 31.12.22	131,771	263,801	25,574	16,864	866,794	1,304,804
Accumulated depreciation						
As at 01.01.22	69,803	102,414	23,954	15,464	301,827	513,462
Depreciation for 2022	27,847	73,543	325	311	260,928	362,954
Disposals	-	-	-	-	-	-
As at 31.12.22	97,650	175,957	24,279	15,775	562,755	876,416
Net Book Value						
As at 31.12.22	34,121	87,844	1,295	1,089	304,039	428,388

PROJECT DIGNITY PTE. LTD.

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AND ITS SUBSIDIARY**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022****4 PLANT AND EQUIPMENT - cont'd****The Company**

2021	Computer & IT equipment S\$	Kitchen equipment S\$	Office equipment S\$	Other equipment S\$	Renovation S\$	Total S\$
Cost						
As at 01.01.21	134,457	95,428	28,934	16,174	907,537	1,182,530
Additions	63,407	175,532	500	-	118,637	358,076
Disposals	(67,093)	(7,849)	(5,147)	(710)	(263,590)	(344,389)
As at 31.12.21	<u>130,771</u>	<u>263,111</u>	<u>24,287</u>	<u>15,464</u>	<u>762,584</u>	<u>1,196,217</u>
Accumulated depreciation						
As at 01.01.21	118,448	50,534	28,934	16,174	341,403	555,493
Depreciation for 2021	18,448	59,729	167	-	224,014	302,358
Disposals	(67,093)	(7,849)	(5,147)	(710)	(263,590)	(344,389)
As at 31.12.21	<u>69,803</u>	<u>102,414</u>	<u>23,954</u>	<u>15,464</u>	<u>301,827</u>	<u>513,462</u>
Net Book Value						
As at 31.12.21	<u>60,968</u>	<u>160,697</u>	<u>333</u>	<u>-</u>	<u>460,757</u>	<u>682,755</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

5 RIGHT-OF-USE ASSETS

The Group and the Company

2022	Leased retail stores S\$	Leased shop and office S\$	Leased motor vehicles S\$	Total S\$
Cost				
At 01.01.22	9,417	194,327	120,394	324,138
Additions	9,417	33,000	-	42,417
Disposals	(9,417)	-	-	(9,417)
At 31.12.22	<u>9,417</u>	<u>227,327</u>	<u>120,394</u>	<u>357,138</u>
Accumulated Depreciation				
At 01.01.22	7,849	113,358	54,050	175,257
Depreciation 2022	9,417	95,025	17,470	121,912
Disposals	(9,417)	-	-	(9,417)
At 31.12.22	<u>7,849</u>	<u>208,383</u>	<u>71,520</u>	<u>287,752</u>
Net Book Value				
At 31.12.22	<u>1,568</u>	<u>18,944</u>	<u>48,874</u>	<u>69,386</u>
2021				
Cost				
At 01.01.21	26,899	194,327	56,646	277,872
Additions	9,417	-	63,748	73,165
Disposals	(26,899)	-	-	(26,899)
At 31.12.21	<u>9,417</u>	<u>194,327</u>	<u>120,394</u>	<u>324,138</u>
Accumulated Depreciation				
At 01.01.21	25,406	48,582	40,596	114,584
Depreciation 2021	9,342	64,776	13,454	87,572
Disposals	(26,899)	-	-	(26,899)
At 31.12.21	<u>7,849</u>	<u>113,358</u>	<u>54,050</u>	<u>175,257</u>
Net Book Value				
At 31.12.21	<u>1,568</u>	<u>80,969</u>	<u>66,344</u>	<u>148,881</u>

The net book value of right-of-use assets held under finance lease as at end of the year is S\$48,874 (2021: S\$66,344) in respect of leased motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

6 INVESTMENT IN SUBSIDIARY

	The Company	
	2022 S\$	2021 S\$
Unquoted equity shares, at cost	17	17
Less : Accumulated impairment loss	-	-
	<u>17</u>	<u>17</u>

Details of the subsidiary is as follows:

Name of company	Principal activities	Place of incorporation and business	Effective equity held by the Company	
			2022 %	2021 %
Project Dignity (Hong Kong) Company Limited	Cooked food centre and provision of training services and motivational courses	Hong Kong	100	100

7 INVENTORIES

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Foods, beverages and packing materials	<u>17,716</u>	<u>13,764</u>	<u>-</u>	<u>-</u>

8 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Trade debtors (note 9)	93,096	102,696	111,925	269,267
Deposits	97,154	118,217	59,869	90,908
Prepayments	34,607	52,277	8,261	7,214
Amount due from a subsidiary – non-trade	-	-	349,340	189,936
Other debtors	<u>177,775</u>	<u>130,318</u>	<u>99,102</u>	<u>124,028</u>
	<u>402,632</u>	<u>403,508</u>	<u>628,497</u>	<u>681,353</u>

The amount due from a subsidiary is unsecured, interest-free and with no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

8 TRADE AND OTHER RECEIVABLES - cont'd

Trade and other receivables include amounts denominated in foreign currency are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Hong Kong Dollars	<u>326,442</u>	<u>92,049</u>	<u>-</u>	<u>-</u>

9 TRADE DEBTORS

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Trade debtors - third parties	93,096	102,696	88,916	89,309
Trade debtors - subsidiary	-	-	23,009	179,958
	<u>93,096</u>	<u>102,696</u>	<u>111,925</u>	<u>269,267</u>
Less : Allowance for doubtful debts/ECL	-	-	-	-
	<u>93,096</u>	<u>102,696</u>	<u>111,925</u>	<u>269,267</u>

Trade debtors are analysed as follows:-

	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Not past due and not impaired	43,937	74,811	43,204	253,261
Past due but not impaired				
0 - 30 days	19,893	18,823	18,859	13,720
More than 30 days	<u>29,266</u>	<u>9,062</u>	<u>49,862</u>	<u>2,286</u>
	<u>93,096</u>	<u>102,696</u>	<u>111,925</u>	<u>269,267</u>
Impaired				
Individual assessed	-	-	-	-
Allowance for doubtful debts/ECL	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Trade debtors, net	<u>93,096</u>	<u>102,696</u>	<u>111,925</u>	<u>269,267</u>

10 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Cash at banks	900,491	1,182,788	352,986	376,669
Cash on hand	<u>25,514</u>	<u>38,673</u>	<u>20,118</u>	<u>32,439</u>
	<u>926,005</u>	<u>1,221,461</u>	<u>373,104</u>	<u>409,108</u>
Bank overdraft (secured – note 14)	-	(65,972)	-	(65,972)
	<u>926,005</u>	<u>1,155,489</u>	<u>373,104</u>	<u>343,136</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

10 CASH AND CASH EQUIVALENTS - cont'd

Cash and cash equivalents include amounts denominated in foreign currency are as follows:

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Hong Kong Dollars	<u>552,901</u>	<u>812,353</u>	<u>-</u>	<u>-</u>

11 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Trade creditors – third parties	161,929	107,164	94,666	76,231
Accrued operating expenses	188,087	266,914	188,087	162,267
Amount due to director – non - trade	22,740	22,740	22,740	22,740
Loan creditors	370,606	406,606	370,606	406,606
Other creditors	145,852	29,775	47,260	29,775
Advance from sponsors	483,771	928,399	419,597	845,350
	<u>1,372,985</u>	<u>1,761,598</u>	<u>1,142,956</u>	<u>1,542,969</u>

Loan creditors and amount due to director are unsecured, interest-free and with no fixed term of repayments.

Trade and other payables include amounts denominated in foreign currency are as follows:

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Hong Kong Dollars	<u>230,029</u>	<u>218,629</u>	<u>-</u>	<u>-</u>

12 LOANS DUE TO DIRECTOR

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Loans due to director	<u>344,600</u>	<u>346,600</u>	<u>-</u>	<u>-</u>

Loans due to director are unsecured, bear effective interests of 3% (2021: 3%) per annum and with no fixed term of repayments.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

12 LOANS DUE TO DIRECTOR - cont'd

Loans due to director include amounts denominated in foreign currency are as follows:

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Hong Kong Dollars	<u>344,600</u>	<u>346,600</u>	<u>-</u>	<u>-</u>

13 LEASE LIABILITIES

At year end, the Group and Company as a lessee had obligations under lease liabilities that are repayable as follows:

	The Group and the Company		
	Minimum lease payments 2022 S\$	Interest 2022 S\$	Principal 2022 S\$
Within 1 year/ Current	37,317	1,047	36,270
Within 2 to 5 years/ Non-current	<u>10,912</u>	<u>201</u>	<u>10,711</u>
	<u>48,229</u>	<u>1,248</u>	<u>46,981</u>
	The Group and the Company		
	Minimum lease payments 2021 S\$	Interest 2021 S\$	Principal 2021 S\$
Within 1 year/ Current	87,912	4,289	83,623
Within 2 to 5 years/ Non-current	<u>48,329</u>	<u>899</u>	<u>47,430</u>
	<u>136,241</u>	<u>5,188</u>	<u>131,053</u>

The effective interest rate was range from 4.75% to 5.00% (2021: 5.00% to 6.04%) per annum. The lease liabilities relate to the company leased retail stores, leased shop and office and leased motor vehicles. The company's obligations under the lease is secured by the lessor's title to the leased assets. The company is restricted from assigning and subleasing the leased assets.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

14 BANK TERM LOANS (SECURED)

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Current portion / Within 1 year	284,138	139,691	148,339	139,691
Non-current portion/ Within 2 to 5 years	784,463	153,155	202,382	153,155
Non-current portion/ After 5 years	315,920	1,039,800	-	-
	<u>1,384,521</u>	<u>1,332,646</u>	<u>350,721</u>	<u>292,846</u>

The bank term loans and bank overdraft are secured by a personal guarantee by the director. The bank term loans are disbursed progressively over a period of time, and repayable over a period from 1 to 5 years, and bear effective interests range from 2.50% to 6.25% (2021: 2.50% to 8.88%) per annum.

Bank term loans include amounts denominated in foreign currency are as follows:

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Hong Kong Dollars	<u>1,033,800</u>	<u>1,039,800</u>	<u>-</u>	<u>-</u>

15 SHARE CAPITAL

	The Group and Company			
	2022		2021	
	No. of shares	S\$	No. of shares	S\$
Issued and fully paid up: Ordinary shares				
At beginning of the year and end of year	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

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

16 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve records the exchange differences arising from translation of the financial statements of foreign subsidiary whose functional currency is different from that of the Group's presentation currency in consolidation of financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

17 REVENUE

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Type of good and service:				
Training and other service fees	849,038	1,296,634	785,782	1,183,340
Social programme income	963,194	950,228	365,957	321,846
Food and beverage sales	1,700,483	1,554,642	1,254,691	750,490
	<u>3,512,715</u>	<u>3,801,504</u>	<u>2,406,430</u>	<u>2,255,676</u>
Timing of transfer of good and service:				
Over time	1,812,232	2,246,862	1,151,739	1,505,186
At a point in time	1,700,483	1,554,642	1,254,691	750,490
	<u>3,512,715</u>	<u>3,801,504</u>	<u>2,406,430</u>	<u>2,255,676</u>

18 OTHER INCOME

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Amortisation of plant and equipment and right-of-use assets sponsorship income	289,555	244,476	289,555	244,476
Bank interest income	432	1	-	-
Foreign exchange gain	-	9,716	-	-
Government grants	239,459	113,766	-	-
Jobs growth incentive	255,183	-	255,183	-
Jobs support scheme	31,449	415,546	31,449	415,546
Wage subsidies	138,125	-	-	-
Management income	-	-	180,000	180,000
National Youth Council grant	2,062	11,190	2,062	11,190
RAISE venture for good grant	100,000	50,000	100,000	50,000
Rental income	8,350	1,100	8,350	1,100
Rental rebates	-	21,832	-	21,832
Special employment credit	85,647	134,947	85,647	134,947
Sponsorship income	197,071	8,015	197,071	8,015
Wage credit scheme	14,131	45,734	14,131	45,734
Others	73,447	121,021	59,344	111,001
	<u>1,434,911</u>	<u>1,177,344</u>	<u>1,222,792</u>	<u>1,223,841</u>

19 FINANCE COSTS

	The Group		The Company	
	2022	2021	2022	2021
	S\$	S\$	S\$	S\$
Bank overdraft interest	2,462	8,590	2,462	8,590
Bank term loans interest	44,021	14,523	14,541	14,523
Lease interest	4,056	7,223	4,056	7,223
	<u>50,539</u>	<u>30,336</u>	<u>21,059</u>	<u>30,336</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

20 PROFIT/(LOSS) BEFORE TAXATION

The following items have been included in arriving at profit/(loss) before taxation:

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Accounting & consulting fee	42,809	15,960	39,879	15,960
Bad debts written off	378	-	378	-
Depreciation plant & equipment	573,229	523,711	362,954	302,358
Depreciation of right-of-use assets	121,912	87,572	121,912	87,572
Employee benefits (note 21)	1,316,686	1,295,084	355,976	316,573
Legal and professional fees	32,462	11,296	1,300	6,106
Rental of premises	26,618	21,674	23,993	19,600
Repair & maintenance	39,633	33,319	34,382	30,315
Transport expenses	2,267	20,316	5,419	12,259
Utilities	206,586	187,773	111,876	83,523

21 EMPLOYEE BENEFITS

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Salaries and bonus (including director)	1,232,974	1,218,738	315,868	275,838
CPF/MPF (including director)	76,380	68,024	34,283	32,413
Medical fee	7,332	8,322	5,825	8,322
	<u>1,316,686</u>	<u>1,295,084</u>	<u>355,976</u>	<u>316,573</u>
Direct labour salaries and CPF (included in cost of sales)	1,496,854	1,463,196	1,496,854	1,463,196
	<u>2,813,540</u>	<u>2,758,280</u>	<u>1,852,830</u>	<u>1,779,769</u>

22 TAXATION

Major components of income tax expense were:

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Current year tax	-	-	-	-
Under/(over) provision in prior year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

22 TAXATION - cont'd

A numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the year ended was as follows:

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Profit/(loss) before taxation	<u>(316,495)</u>	<u>40,218</u>	<u>101,091</u>	<u>391,803</u>
Tax on profit/(loss) before tax at 17% (2021: 17%)	(53,804)	6,837	17,185	66,607
Adjustment as tax effect on:				
Effect of different tax rates in other country	854	-	-	-
Non-taxable income	(77,361)	(114,057)	(54,570)	(112,204)
Expenses not deductible	54,346	108,895	54,346	71,064
Temporary differences	49,787	-	15,092	-
Utilised losses brought forward	-	(203,296)	(32,053)	(117,789)
Unutilised losses carried forward	26,178	173,022	-	92,322
Others	-	28,599	-	-
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Unrecognised deferred tax assets

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Unutilised capital allowances carried forward	8,714	-	8,714	-
Unutilised tax losses carried forward	<u>123,605</u>	<u>173,022</u>	<u>93,551</u>	<u>92,322</u>

Deferred tax assets in respect of the above item has not been recognised in the financial statements as the probability of future taxable profits being available to utilise such benefits cannot be reliably established. The uses of unutilized tax losses to offset against future taxable profits are subject to there being no substantial change in shareholders requirements under the Singapore Income Tax Act and relevant Hong Kong tax rules. The unutilized tax losses do not expire under the current tax legislation.

23 SIGNIFICANT RELATED PARTIES TRANSACTIONS

In addition to related party information disclosed elsewhere in the financial statement, the significant related party transactions on terms agreed between the Company and its related parties are as follows:

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

23 SIGNIFICANT RELATED PARTIES TRANSACTIONS - cont'd

	The Group		The Company	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$
With directors				
Directors' remuneration	94,443	93,690	94,443	93,690
With subsidiary				
Management fee income from	<u>-</u>	<u>-</u>	<u>180,000</u>	<u>180,000</u>

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's and the Company's financial instruments are credit, foreign exchange, interest rate, market price and liquidity risks. The Group's objective of risk management is to eliminate these risks, if not to minimise these risks to an acceptable level. The policies of managing each of these risks are summarised below:

Credit Risk

Credit risk refers to the risk that counter party to a financial instrument may default on their contractual obligations resulting in a financial loss to the Group and the Company. The Group has adopted a policy of only dealing with creditworthy counterparties. For trade and other receivables the Group performs credit review before granting credit to its customers, deals with creditworthy customers and monitors its debts collection regularly as a mean of minimising credit risk. For cash and cash equivalent the credit risk is minimised by placing it with reputable banks. Generally the Group do not require a collateral. There have been no changes in this policy during the financial year.

The Group developed a credit review system and use it for internal grading and categorise its customers according to their degree of risk of default and ability to pay. The Group internal credit grading uses internal and external information and indicator (whichever available) but not limited to the followings :

- the Group's internal and third party trading and collection records
- external credit rating
- customer financial statements or accounts
- actual and expected significant changes in business, financial and economic conditions
- actual and expected significant change in the operating results of customer

The Group's current credit risk grading framework comprise the following categories:

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - cont'd

Credit Risk - cont'd

Category or Grade	Definition of category	Basis for recognising expected credit loss (ECL)
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 > 60 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

After initial recognition of financial asset, the Group assess the probability of default and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Based on the assessment, a debtor is presumed to have a significant increase in credit risk if the debtor is more than 30 days past due in making contractual payment. This debtor will be graded no 2 as per the above table.

For grade 3, the Group determined that its financial assets are credit-impaired when:

- a. there is significant difficulty of the debtor in making payment
- b. a breach of contract, such as a default or past due event
- c. It is probable that the debtor will enter bankruptcy or other financial reorganization
- d. There is a disappearance of an active market for that financial asset because of financial difficulty.

For grade 4, the Group categorises a receivable for potential write-off when a debtor fails to make contractual payment more than 120 days past due. Financial assets are proposed for written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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

The table below details the credit quality of the Group's and the Company's financial assets, as well as the maximum credit risk exposure by credit grading categories :

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - cont'd

Credit Risk - cont'd

The Group

2022	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
Trade debtors	See below	Lifetime ECL (Simplified)	93,096	-	93,096
Other debtors	1	12-month ECL	177,775	-	177,775
Cash and equivalents	1	12-month ECL	<u>926,005</u>	<u>-</u>	<u>926,005</u>

2021	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
Trade debtors	See below	Lifetime ECL (Simplified)	102,696	-	102,696
Other debtors	1	12-month ECL	130,318	-	130,318
Cash and equivalents	1	12-month ECL	<u>1,221,461</u>	<u>-</u>	<u>1,221,461</u>

The Company

2022	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
Trade debtors	See below	Lifetime ECL (Simplified)	111,925	-	111,925
Amount due from a subsidiary – non-trade	1	12-month ECL	349,340	-	349,340
Other debtors	1	12-month ECL	99,102	-	99,102
Cash and equivalents	1	12-month ECL	<u>373,104</u>	<u>-</u>	<u>373,104</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - cont'd

Credit Risk - cont'd

2021	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
Trade debtors	See below	Lifetime ECL (Simplified)	269,267	-	269,267
Amount due from a subsidiary – non - trade	1	12-month ECL	189,936	-	189,936
Other debtors	1	12-month ECL	124,028	-	124,028
Cash and cash equivalents	1	12-month ECL	<u>409,108</u>	<u>-</u>	<u>409,108</u>

For trade debtors, the Group and the Company has applied simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Group and the Company determines the ECL by using a provision of matrix, estimated based on historical credit loss experience based on the past due status of the debtors as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade debtors is presented based on their past due status in terms of the provision matrix.

Other financial assets comprise of other receivables which are mostly short term in nature. Impairment of other financial assets has been measured on 12-month ECL and reflect the short maturities exposures. The Group and the Company considers its other financial assets to have low credit risk and the amount of allowance on the other financial assets is insignificant.

As at year end, there is a concentration of credit risk of the Company of S\$38,391 (2021: S\$220,108) mainly relating to 3 major trade debtors.

Foreign Currency Risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates which may have an adverse effect on the Group's and the Company's financial position and result in the current reporting period and in the future years. The Group and the Company monitors its foreign currency risk exposure regularly and maintains natural hedge whenever possible by receiving and paying in the same foreign currency to minimise foreign currency risk. There have been no changes in this policy during the financial year.

The Group's and the Company's exposures to foreign currency risk at balance sheet date are relates mainly to trade and other receivables, cash and cash equivalents, trade and other payables that are denominated in Hong Kong dollars. The Group's and the Company's exposure to foreign currency risk is minimal, as the Group and the Company does not expect the foreign exchange rate to fluctuate significantly.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates which may have an adverse effect on the Group's and the Company's financial position and results in the current reporting period and in the future years. The Group monitors its interest rate exposure regularly and where possible minimise the exposure by obtaining the lowest possible interest rates for its borrowing. There have been no changes in this policy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - cont'd

Interest Rate Risk - cont'd

The Group's and the Company's exposure to interest rate risk mainly relates to its bank term loans and lease liability. The exposure to interest rate risk is minimal, as the Group and the Company does not expect the interest rate to fluctuate significantly.

Market Price Risk

Market price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest or exchange rates) which may have an adverse effect on the Group's and the Company's financial position and results in the current reporting period and in the future years. The Group's and the Company's exposure to market price risk is minimal, as the Group and the Company has no significant assets or liabilities that are subject to market price.

Liquidity Risk

Liquidity risk refers to the risk that the Group and the Company is unable to meet its obligations as and when they fall due. The Group monitors its debts collection and cash flow on a regular basis as a means of managing liquidity risk and the directors and shareholders of the Group will provide financial support as and when required. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. There have been no changes in this policy during the financial year.

At year end, the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash outflows, excluding interest payments and the impact of netting agreements are as follows:

The Group

2022	Within 1 year S\$	Within 2 - 5 year S\$	More than 5 years S\$	Total S\$
Trade and other payables	1,372,985	-	-	1,372,985
Lease liabilities	36,270	10,711	-	46,981
Bank term loans (secured)	284,138	784,463	315,920	1,384,521
Loans due to director	-	344,600	-	344,600
	<u>1,693,393</u>	<u>1,139,774</u>	<u>315,920</u>	<u>3,149,087</u>
2021	Within 1 year S\$	Within 2 - 5 year S\$	More than 5 years S\$	Total S\$
Trade and other payables	1,761,598	-	-	1,761,598
Bank overdraft (secured)	65,972	-	-	65,972
Lease liabilities	83,622	47,431	-	131,053
Bank term loans (secured)	139,691	153,155	1,039,800	1,332,646
Loans due to director	-	346,600	-	346,600
	<u>2,050,883</u>	<u>547,186</u>	<u>1,039,800</u>	<u>3,637,869</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - cont'd

Liquidity Risk - cont'd

The Company

2022	Within 1 year S\$	Within 2 - 5 year S\$	More than 5 years S\$	Total S\$
Trade and other payables	1,142,956	-	-	1,142,956
Lease liabilities	36,270	10,711	-	46,981
Bank term loans (secured)	148,339	202,382	-	350,721
	<u>1,327,565</u>	<u>213,093</u>	<u>-</u>	<u>1,540,658</u>
2021	Within 1 year S\$	Within 2 - 5 year S\$	More than 5 years S\$	Total S\$
Trade and other payables	1,542,969	-	-	1,542,969
Bank overdraft (secured)	65,972	-	-	65,972
Lease liabilities	83,622	47,431	-	131,053
Bank term loans (secured)	139,691	153,155	-	292,846
	<u>1,832,254</u>	<u>200,586</u>	<u>-</u>	<u>2,032,840</u>

25 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of the different categories of financial instruments is as disclosed either on the face of the balance sheet or in the other notes to the financial statements. Financial assets at amortised cost include trade and other receivables and cash and cash equivalents. Financial liabilities at amortised cost include trade and other payables, lease liabilities and bank term loans.

26 FAIR VALUE OF ASSETS AND LIABILITIES

Fair Value Hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

26 FAIR VALUE OF ASSETS AND LIABILITIES - cont'd

Assets and Liabilities Not Measured At Fair 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.

Trade debtors and trade creditors, the carrying amount of these debtors and creditors (including trade balances due from/to related companies) approximate their fair values as they are subject to normal trade credit terms.

Bank term loans and lease liabilities, the carrying amounts approximate their fair values as they are subject to interest rates close to market rate of interest for similar arrangements with financial institution.

27 CAPITAL MANAGEMENT

The capital of the Group refers to equity and cash and cash equivalents. The primary objective of the Group's capital management is to ensure it maintains a healthy and positive capital level in order to support and maintain its business operation and maximise shareholder value. The Group manages its capital structure and makes necessary adjustments, in light of changes in economic conditions. This capital level is financially supported by the directors and shareholders. There were no changes in the Group approach to capital management during the year.

28 EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the financial year end, the Company has obtained two bank loans of S\$110,000 and S\$155,000 for working capital requirements. The bank loans are disbursed progressively over a period of time, and repayable over a period of 5 years, and bears effective interest rate of 7.75% and 4.12% per annum.

29 COMPARATIVE FIGURES

The comparative figures were audited by another auditor.

As at financial year end, the following comparative figures in Balance Sheet and Profit or Loss of year end 31 December 2021 have been reclassified to conform with current year's presentation:

	The Group		The Company	
	Currently reported	Previously reported	Currently reported	Previously reported
Balance Sheet	S\$	S\$	S\$	S\$
Non-current assets				
Plant and equipment	896,290	1,045,171	682,755	831,636
Right-of-use assets	<u>148,881</u>	<u>-</u>	<u>148,881</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**29 COMPARATIVE FIGURES - cont'd**

Balance Sheet	The Group		The Company	
	Currently reported S\$	Previously reported S\$	Currently reported S\$	Previously reported S\$
Current assets				
Trade and other receivables	403,508	-	681,353	-
Trade receivables	-	102,696	-	89,309
Other receivables, deposits and prepayments	-	300,812	-	222,150
Amount due from related party	-	-	-	369,894
Non-current liabilities				
Lease liabilities	47,431	-	47,431	-
Bank term loans (secured)	1,192,955	-	153,155	-
Borrowings	-	1,240,386	-	200,586
Current liabilities				
Trade and other payables	1,761,598	-	1,542,969	-
Trade payables	-	136,939	-	106,006
Other payables, deposits and accruals	-	1,601,919	-	1,414,223
Amount due to director	-	22,740	-	22,740
Borrowings	-	289,285	-	289,285
Bank overdraft (secured)	65,972	-	65,972	-
Lease liabilities	83,622	-	83,622	-
Bank term loans (secured)	139,691	-	139,691	-
Profit or loss				
Cost of sales	2,328,693	2,222,786	2,003,959	1,898,052
Other operating expenses	<u>2,538,518</u>	<u>2,644,425</u>	<u>1,021,348</u>	<u>1,127,255</u>

PROJECT DIGNITY PTE. LTD.

(Incorporated in Singapore)

Co reg no : 201017313E

DETAILED PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 S\$
Revenue	2,406,430
Less: Cost of sales	<u>(2,176,103)</u>
Gross profit	230,327
Other income	<u>1,222,792</u>
	1,453,119
Less: Operating expenses	
Accounting & consulting fees	39,879
Audit fee	4,800
Administrative expenses	15,577
Bad debts written off	378
Bank service charges	3,005
Bank term loans interest	14,541
Bank overdraft interest	2,462
Computer expenses	9,969
CPF contributions	26,735
Depreciation plant & equipment	362,954
Depreciation of right-of-use assets	121,912
Directors' CPF	7,548
Directors' salaries	86,895
Entertainment and refreshment	1,051
Farm operating expenses	1,450
Foreign workers levy	6,339
General expenses	124,453
Insurance	9,237
Lease interest	4,056
Legal and professional fees	1,300
License and permit	6,097
Medical fee	5,825
Minor fixed assets expense off	702
Office supplies	7,716
Penalty and fines	200
Postage and courier	120
Printing & stationery	5,130
Rental of equipment	2,093
Rental of premises	23,993
Repair & maintenance	34,382
Salaries & bonus	228,973
Skill development levy	4,009
Staff training	7,603
Staff welfare	25,259
Subscription fees	4,124
Tax fee	550
Telephone & internet	7,208
Transport expenses	5,419
Travelling expenses	8,486
Upkeep of motor vehicles	17,722
Utilities	<u>111,876</u>
	1,352,028
Profit before taxation	<u><u>101,091</u></u>

The schedule does not form part of the audited statutory financial statements.