

BAKERY BRERA AND FINE FOODS PTE. LTD.

(Incorporated in Singapore)

Registration No.:201937400D

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS FOR YEAR ENDED**

31 December 2021

BAKERY BRERA AND FINE FOODS PTE. LTD.

(Company Registration No. : **201937400D**)
(Incorporated in Singapore)
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ended 31 December 2021

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DIRECTORS' STATEMENT

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The directors present their statement to the members together with the financial statements of the company for the financial year ended 31 December 2021.

Opinion of the directors

- (a) The financial statements, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2021 and or the results, changes in equity and cash flows of the Company 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.

Directors

The directors of the company at the date of statement are as follows:-

CHAN BAK THIAM
LOW HWEE SIONG

Arrangement to Enable Directors to Acquire Shares or Debentures

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

Directors' Interest in Shares and Debentures

According to the register of Directors' shareholding required to be kept under Section 164 of the Companies Act, Cap. 50, the under mentioned persons who was directors of the Company at the end of the financial year had interests in the shares of the Company as detailed below:-

<u>Names of Directors</u>	<u>Number of Ordinary Shares</u>	
	<u>At beginning of the year</u>	<u>At end of the year</u>
CHAN BAK THIAM	200	200
LOW HWEE SIONG	800	800

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Directors' Contractual Benefits

Since the beginning of the financial year, no directors has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the directors, or with a firm of which he is a member, or with a company in which he has a substantial financial interest except in respect of professional fees and or remuneration as shown in the financial statement.

Share options

During the financial year, there were:

- i. No options granted by the company to any person to take up unissued shares in the company; and
- ii. No shares issued by virtue of any exercise of option to take up unissued shares of the company;

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

On behalf of Directors

CHAN BAK THIAM
Director

LOW HWEE SIONG
Director

Signed on

BAKERY BRERA AND FINE FOODS PTE. LTD.

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STATEMENT OF COMPREHENSIVE INCOME

Financial year ended 31 December 2021

	Note	2021 S\$	2020 S\$
Revenue	9	2,851,428	2,913,714
Cost of goods sold		(607,354)	(584,048)
Gross profit		<u>2,244,074</u>	<u>2,329,666</u>
Expenses			
Depreciation	3	(53,393)	(101,116)
Staff costs	11	(1,810,994)	(1,370,222)
Other operating expenses		(421,625)	(387,864)
		<u>(2,286,012)</u>	<u>(1,859,202)</u>
Profit/ (loss) from the operating activities		(41,938)	470,464
Other Income	10	298,872	222,025
Profit/ (loss) before taxation		<u>256,934</u>	<u>692,489</u>
Taxation	13	-	(74,603)
Profit/ (loss) after taxation		<u><u>256,934</u></u>	<u><u>617,886</u></u>

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 S\$	2020 S\$
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	3	162,834	187,388
CURRENT ASSET			
Trade and other receivables	4	29,668	42,019
Cash and cash equivalents	5	1,033,692	943,093
		1,063,360	985,112
TOTAL ASSETS		1,226,194	1,172,500
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	1,000	1,000
Retained earnings		524,820	417,886
TOTAL EQUITY		525,820	418,886
CURRENT LIABILITIES			
Trade and other payables	7	329,454	237,426
Amount due to directors	8	336,470	441,585
Provision for taxation		34,450	74,603
		700,374	753,614
TOTAL LIABILITES AND EQUITY		1,226,194	1,172,500

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STATEMENT OF CHANGES IN EQUITY

Financial year ended 31 December 2021

	<u>Share capital</u> S\$	<u>Accumulated profit</u> S\$	<u>Total equity</u> S\$
Balance as at 06.11.2019	-	-	-
Issuance of shares	1,000	-	1,000
Total comprehensive income for the financial period	-	617,886	617,886
Dividend declared	-	(200,000)	(200,000)
Balance as at 31.12.2020	1,000	417,886	418,886
Total comprehensive income for the financial year	-	256,934	256,934
Dividend declared	-	(150,000)	(150,000)
Balance as at 31.12.2020	1,000	524,820	525,820

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STATEMENT OF CASH FLOW

Financial year ended 31 December 2021

	Note	2021 S\$	2020 S\$
Cash flows from operating activities			
Profit/ (loss) before income tax		256,934	692,489
Adjustment for :-			
Depreciation of property, plant and equipment		53,393	101,116
Operating profit/ (loss) before working capital changes		310,327	793,605
Changes in working capital			
Trade and other receivables		12,351	(42,019)
Trade and other payables		92,028	237,426
Cash generated from/ (used in) operating activities		414,706	989,012
Tax paid		(40,153)	-
Net cash generated from/ (used in) operating activities		374,553	989,012
Cash flows from investing activities			
Acquisition of property, plant and equipment		(28,839)	(288,504)
Net cash used in investing activities		(28,839)	(288,504)
Cash flows from financing activities			
Proceeds from shares		-	1,000
Dividend paid		(150,000)	(200,000)
Amount due to directors		(105,115)	441,585
Net cash generated from financing activities		(255,115)	242,585
Net change in cash and cash equivalents		90,599	943,093
Cash & cash equivalents at beginning of year	5	943,093	-
Cash & cash equivalents at end of year	5	1,033,692	943,093

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

1. GENERAL INFORMATION

BAKERY BRERA AND FINE FOODS PTE. LTD. Registration no. **201937400D** (“the company”) is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The registered office of the company is located at 8 Empress Road #01-05 Farrer Gardens Singapore 260008.

The principal activities of the company during the financial year are manufacture of breads, cakes and confectionery and retail sale of confectionery and bakery products.

These financial statements were authorized for issue by the directors on the date shown on the statement by directors.

These financial statements have not been audited as the Company is exempt from audit requirement in respect of the financial year ended 31 December 2021 pursuant to the provision of the Companies, act, Cap. 50.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies set out below.

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a. BASIS OF PREPARATION (Cont'd)

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Management is of the opinion that there are no areas where estimates and assumptions are significant or critical to the financial statements.

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 31 December 2013. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

b. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially measured at fair value plus any directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method less impairment. Interest is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Loan and receivables are presented as "other receivables" and "cash and cash equivalents" on the balance sheet.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of financial assets

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

Assets carried at amortized cost

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

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

c. PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis to allocate the depreciable amounts of the assets over their estimated useful lives.

The residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the terms of property, plant and equipment.

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d. IMPAIRMENT OF NON-FINANCIAL ASSETS

All item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset included in the income statement in the financial year the asset is derecognized.

The Company's non-financial assets are reviewed for impairment at each balance sheet date and whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of the impairment loss (if any).

Recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. For the purpose of impairment testing, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit (CGU) to which the asset belong.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment loss is recognized in profit or loss.

e. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash on hand and in bank, fixed deposits, if any, held to maturity and short term highly liquid investments easily convertible into known amounts of cash with no risk of loss in value. These are carried at cost.

f. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares deducted against equity.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g. REVENUE RECOGNITION

Revenue from sale of goods is recognized at point of delivery that generally coincides with the passage of title and acceptance by the customers.

Revenue from services is recognized when the services are completely performed.

h. EMPLOYEE BENEFITS

Employment pension benefits

The Company participates in the national pension scheme by making contributions to the Central Provident Fund. The contributions to CPF are recognized as an expense in the period in which the related service is performed.

Employment leave entitlements

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

The Company has not made any provision for employees leave entitlement as the amounts are insignificant.

i. PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that outflow of economic resources will be required to settle the obligation, the provision is reversed.

j. RELATED PARTIES

Related parties are entities with common Directors or shareholders wherein one party has the ability to control the other party or exercise significant influence over the other party in its financial or operating policies.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Con't)

k. TAXATIONS

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss (either in other comprehensive income or directly in equity, respectively).

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 NOTES TO THE FINANCIAL STATEMENTS

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3. PROPERTY, PLANT AND EQUIPMENT

	Bakery equipment	Renovation	Software	Store Equipment	Other Assets	Total
	\$	\$		\$	\$	\$
<u>Cost</u>						
At 06.11.2019	82,670	138,567	-	23,143	100,000	344,380
Additions	81,374	42,248	-	14,882	150,000	288,504
At 31.12.2020	164,044	180,815	-	38,025	250,000	632,884
Additions	8,250	-	7,700	12,889	-	28,839
At 31.12.2021	172,294	180,815	7,700	50,914	250,000	661,723
<u>Accumulated depreciation</u>						
At 06.11.2019	82,670	138,567	-	23,143	100,000	344,380
Charge for the period	32,495	36,163	-	7,458	25,000	101,116
At 31.12.2020	115,165	174,730	-	30,601	125,000	445,496
Charge for the year	18,288	2,458	1,925	5,722	25,000	53,393
At 31.12.2021	133,453	177,188	1,925	36,323	150,000	498,889
<u>Carrying amount</u>						
At 31.12.2020	48,879	6,085	-	7,424	125,000	187,388
At 31.12.2021	38,841	3,627	5,775	14,591	100,000	162,834

4. TRADE AND OTHER RECEIVABLES

	2021	2020
	S\$	S\$
<u>Trade receivables</u>		
Third parties	19,553	30,162
<u>Other receivables</u>		
Deposit	10,115	10,914
Prepayment	-	943
	29,668	42,019

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5. CASH AND CASH EQUIVALENTS

	2021	2020
	S\$	S\$
Bank balance	980,804	891,093
Cash balance	2,878	2,000
Fixed deposit	50,010	50,000
	<u>1,033,692</u>	<u>943,093</u>

6. SHARE CAPITAL

	2021	2020
	S\$	S\$
Issued and fully paid :- 1,000 ordinary shares of S\$1 each	<u>1,000</u>	<u>1,000</u>

The holders of ordinary shares are entitled to receive dividends declared by the company. All ordinary shares carry one vote per share without restriction.

7. TRADE AND OTHER PAYABLES

	2021	2020
	S\$	S\$
<u>Trade payables</u>		
Third parties	16,339	47,892
<u>Other payables</u>		
Accruals	270,577	145,539
GST payables	42,538	43,995
	<u>329,454</u>	<u>237,426</u>

8. AMOUNT DUE TO DIRECTORS

The amount due to directors is non-trade unsecured, interest-free and are repayable on demand.

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9. REVENUE

	2021	2020
	S\$	S\$
Sales	2,851,428	2,913,714
	<u>2,851,428</u>	<u>2,913,714</u>

10. OTHER INCOME

	2021	2020
	S\$	S\$
Special employment credit	913	2,837
Job support scheme	214,970	171,414
Grant	60,885	38,595
Wages credit scheme	12,085	4,129
Others	10,019	5,050
	<u>298,872</u>	<u>222,025</u>

11. STAFF COSTS

	2021	2020
	S\$	S\$
Director fee	20,000	300,000
Director salary	420,000	258,000
Director CPF	42,500	31,800
CPF	104,301	61,739
Foreign worker levy	21,022	14,541
Salary	1,201,764	703,605
Skill development levy	1,407	537
	<u>1,810,994</u>	<u>1,370,222</u>

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12. PROFIT/ (LOSS) FROM OPERATIONS

This is arrived at after charging:-

	2021 S\$	2020 S\$
Included in operating expenses are :-		
Depreciation	53,393	101,116
Bank charges	39,220	446
Entertainment	272	1,343
Rental	53,826	33,384
Transportation	17,039	15,285

13. TAXATION

A reconciliation of the company's effective tax rate applicable to the results for the financial year is as follows:-

	2021 S\$	2020 S\$
Profit/ (loss) before income tax	256,934	692,489
Tax calculated at statutory tax rate of 17%	43,678	117,723
Tax effect of expenses not deductible for tax purposes	22,017	23,619
Tax effect of income not taxable	(38,599)	(29,140)
S14Q deduction	(10,236)	(2,394)
Utilization of capital allowance	(16,860)	(13,955)
Tax exemption	-	(21,250)
Tax rebate	-	-
	-	74,603

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14. FINANCIAL RISK MANAGEMENT

The main risks arising from the Company's normal course of business are credit, interest rate, liquidity and foreign currency risks. The Company's overall risk management strategy seeks to minimize potential adverse effects of these risks on the financial performance of the Company.

Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

At the balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Cash is placed with a bank which is regulated.

There is no financial asset which is past due and/or impaired.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk as it has no interest-earning financial assets or interest-bearing financial liabilities.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Company finances their liquidity through internally generated cash flows and financial support from its directors.

Foreign currency risk

Currency risk arises when balances and transactions are denominated in foreign currencies.

The Company is not exposed to foreign currency risk as its transactions are all in Singapore dollars.

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15. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of the financial assets and financial liabilities recorded in the financial statements represent their respective net fair value.

16. NEW OR AMENDED FRS AND INT FRS NOT YET EFFECTIVE

New standards, amendments to standards and interpretations that have been issued but not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. Management is in the process of assessing of the impact of these new standards, amendments and interpretations on the financial statements of the Company.