

**PC DREAMS PRIVATE LIMITED**

Company Registration No : 200708724E

**(Incorporated in the Republic of Singapore)**

**UNAUDITED ANNUAL REPORT**

**31 DECEMBER 2020**

# **PC DREAMS PRIVATE LIMITED**

Company Registration No : 200708724E

(Incorporated in the Republic of Singapore)

## **UNAUDITED ANNUAL REPORT**

**31 DECEMBER 2020**

<b>CONTENTS</b>	<b>Pages</b>
DIRECTORS' STATEMENT	1 - 2
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
BALANCE SHEET	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 34

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## DIRECTORS' STATEMENT

---

The directors are pleased to present the statement to the members together with the financial statements of PC DREAMS PRIVATE LIMITED, (the "Company") for the financial year ended 31 December 2020.

### OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) 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 in office at the date of this statement are :

Tan Ching Hwee  
Tan Choon Seng  
Wong Yun Tang (appointed on 25 May 2020)

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

### DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter. 50 (the "Act"), none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company, except as stated below :

<u>Name of director</u>	<u>Direct Interest</u>	
	<u>At beginning of financial year</u>	<u>At end of financial year</u>
Tan Ching Hwee	55	55
Tan Choon Seng	45	45

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## DIRECTORS' STATEMENT

---

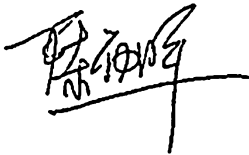
### SHARE OPTIONS

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


During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company.

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

On behalf of the Board of Directors



.....  
Tan Ching Hwee



.....  
Tan Choon Seng

Singapore

9 August 2021

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	2020 S\$	2019 S\$
<b>REVENUE</b>	4	2,891,093	2,251,395
<b>OTHER INCOME</b>	5	797,018	331,835
<b>TOTAL INCOME</b>		<u>3,688,111</u>	<u>2,583,230</u>
<b>LESS : COSTS AND EXPENSES</b>			
Changes in inventories		(147,964)	125,248
Cost of services		(63,852)	(52,597)
Purchases		(1,773,518)	(1,616,244)
Subcontractor fees		(62,088)	(133,504)
Marketing fund expenses		(624,100)	(293,200)
Depreciation of property, plant and equipment	10	(78,114)	(34,599)
Employee benefits expense	6	(469,827)	(379,999)
Finance costs	7	(328)	-
Other operating expenses		(526,240)	(227,417)
<b>TOTAL COSTS AND EXPENSES</b>		<u>(3,746,031)</u>	<u>(2,612,312)</u>
<b>LOSS BEFORE TAX</b>	8	(57,920)	(29,082)
<b>INCOME TAX EXPENSE</b>	9	-	-
<b>LOSS FOR THE YEAR</b>		(57,920)	(29,082)
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(57,920)</u>	<u>(29,082)</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 S\$	2019 S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>297,247</u>	<u>50,313</u>
		<u>297,247</u>	<u>50,313</u>
<b>Current assets</b>			
Inventories	11	373,305	521,269
Trade receivables	12	26,080	400
Other receivables	13	105,463	57,980
Cash and cash equivalents	14	<u>120,797</u>	<u>27,363</u>
		<u>625,645</u>	<u>607,012</u>
<b>TOTAL ASSETS</b>		<u><u>922,892</u></u>	<u><u>657,325</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	15	85,433	172,431
Other payables	16	690,606	262,182
Amount due to directors	17	42,599	132,594
Loans and borrowings	18	<u>36,691</u>	<u>-</u>
		<u>855,329</u>	<u>567,207</u>
<b>Non-current liabilities</b>			
Loans and borrowings	18	<u>35,365</u>	<u>-</u>
		<u>35,365</u>	<u>-</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u><u>(229,684)</u></u>	<u><u>39,805</u></u>
<b>TOTAL LIABILITIES</b>		<u><u>890,694</u></u>	<u><u>567,207</u></u>
<b>NET ASSETS</b>		<u><u>32,198</u></u>	<u><u>90,118</u></u>
<b>Capital and reserves attributable to equity owners of the Company</b>			
Share capital	20	10,000	10,000
Retained earnings		<u>22,198</u>	<u>80,118</u>
<b>TOTAL EQUITY</b>		<u><u>32,198</u></u>	<u><u>90,118</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>922,892</u></u>	<u><u>657,325</u></u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

	Share capital S\$	Retained earnings S\$	Total equity S\$
<b>Balance at 1 January 2019</b>	10,000	109,200	119,200
<b>Total comprehensive loss for the year</b>	-	(29,082)	(29,082)
<b>Balance at 31 December 2019</b>	10,000	80,118	90,118
<b>Total comprehensive loss for the year</b>	-	(57,920)	(57,920)
<b>Balance at 31 December 2020</b>	10,000	22,198	32,198

---

---

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	2020 S\$	2019 S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(57,920)	(29,082)
Adjustments for :			
Depreciation of property, plant and equipment	10	78,114	34,599
Interest expense	7	328	-
Operating cash flows before changes in working capital		20,522	5,517
Changes in working capital :			
- inventories		147,964	(125,248)
- trade receivables		(25,680)	5,419
- other receivables		(47,483)	(36,858)
- trade payables		(86,998)	72,457
- other payables		428,424	169,078
- amount due to directors		(89,995)	(71,695)
<b>Net cash flows from operations/operating activities</b>		<b>346,754</b>	<b>18,670</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	10	(250,020)	(42,950)
<b>Net cash flows used in investing activities</b>		<b>(250,020)</b>	<b>(42,950)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(328)	-
Principal payment for lease liabilities		(2,972)	-
<b>Net cash flows used in financing activities</b>		<b>(3,300)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>93,434</b>	<b>(24,280)</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>27,363</b>	<b>51,643</b>
<b>Cash and cash equivalents at end of financial year</b>	14	<b>120,797</b>	<b>27,363</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

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

### 1. CORPORATE INFORMATION

PC Dreams Private Limited (the "Company") is a limited exempt private company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1 Rochor Canal Road, #03-01, Sim Lim Square, Singapore 188504; while the addresses of its principal places of business are located at 1 Rochor Canal Road, #03-01, #03-13, #03-40 & #04-16, Sim Lim Square, Singapore 188504 and 200 Victoria Street, #03-25/26, Bugis Junction, Singapore 188021.

The principal activities of the Company are those in the retail sale and wholesale of second-hand computer hardware and peripheral equipment.

The financial statements of the Company have not been audited as the Company is exempt from audit requirements in respect of the financial year ended 31 December 2020 pursuant to the provisions of the Companies Act, Cap. 50.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

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

The financial statements are presented in Singapore Dollar (S\$), which is the functional currency of the Company.

#### 2.2 ADOPTION OF NEW AND AMENDED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2020.

Except for the adoption of amendment to FRS 116 *Leases: Covid-19-Related Rent Concessions* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.2 ADOPTION OF NEW AND AMENDED STANDARDS – CONT'D

##### Early adoption of amendment to FRS 116 Leases: Covid-19-Related Rent Concessions

The Company has early adopted the amendment to FRS 116 which introduced an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

The standard allows the lessee to account for any Covid-19 related rent concessions received as a variable lease payment with the effect of the rent concession recognised directly in the profit or loss, rather than a lease modification, which generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate under FRS 116 *Leases*.

The Company has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S\$18,628 was recognised as other income in the profit or loss during the financial year.

#### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 116 <i>Leases: Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to FRS 109 <i>Financial Instruments</i> , FRS 39 <i>Financial Instruments: Recognition and Measurement</i> , FRS 107 <i>Financial Instruments: Disclosures</i> , FRS 116 <i>Leases: Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to FRS 16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling A Contract</i>	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023

The directors expect that the adoption of the standards above, where relevant to the Company in future periods will have no material impact on the financial statements of the Company in the period of their initial application.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.4 FOREIGN CURRENCY

The financial statements are presented in Singapore Dollar (S\$), which is the functional currency of the Company.

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

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

#### 2.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.6 FINANCIAL INSTRUMENTS

(i) *Financial assets*

*Initial recognition and measurement*

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

*Subsequent measurement*

*Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debts instruments are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Company only has debts instruments at amortised cost.

*Amortised cost*

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

*De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(ii) *Financial liabilities*

*Initial recognition and measurement*

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

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

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.6 FINANCIAL INSTRUMENTS – CONT'D

(ii) *Financial liabilities – cont'd*  
*Subsequent measurement*

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

*De-recognition*

A 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.

#### 2.7 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.8 PROPERTY, PLANT AND EQUIPMENT

(i) *Measurement*

All items of property, plant and equipment are initially recognised at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as consequence of acquiring or using the property, plant and equipment.

(ii) *Depreciation*

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

	<u>Useful lives</u>
Leased premises (right-of-use assets)	2 years
Computers & software	3 to 5 years
Office equipment	3 years
Renovation	3 years

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

(iii) *Disposal*

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

#### 2.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method 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 estimated costs necessary to make the sale.

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

#### 2.10 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise of cash at bank and on hand which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts form an integral part of the Company's cash management and are presented as current borrowings on the balance sheet.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.11 PROVISIONS

##### General provisions

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

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

#### 2.12 BORROWINGS COSTS

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 2.13 LEASES

The Company 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.

##### (i) *As lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

##### *Right-of-use assets*

The Company 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 measured at cost, less any accumulated depreciation and 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, 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.

If ownership of the leased asset transfers to the Company 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. The accounting policy for impairment is disclosed in Note 2.5.

The Company's right-of-use assets are presented within property, plant and equipment.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.13 LEASES – CONT'D

(i) *As lessee – cont'd*

*Lease liabilities*

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company uses the interest rate implicit in the lease unless this is not readily determinable, in which case the company's incremental borrowing rate at the lease commencement date is used. 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.

The Company's lease liabilities are included in loans and borrowings.

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

The Company applies the short-term lease recognition exemption to right-of-use assets and lease liabilities for 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) and leases of low-value assets. 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.

*Rent concessions*

The Company has applied the amendment to FRS 116 *Leases: Covid-19-Related Rent Concessions*. The Company applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.13 LEASES – CONT'D

(ii) *As lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### 2.14 REVENUE RECOGNITION

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

(i) *Sale of second-hand computer hardware and computer peripherals*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of payment and all criteria for acceptance have been satisfied. There is no element of significant financing components in the Company's revenue transactions as sales are usually paid in cash or by credit/debit card or within a credit term of 30 days. The transaction price is allocated to the retail sale based on their relative stand-alone selling prices net of any promotion discounts (if any).

There are no obligations for returns, refunds, warranties and other similar obligations which might affect the revenue recognised.

(ii) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) *Management income*

Management income is recognised when services are rendered.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.15 INCOME TAX

(i) *Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

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

(ii) *Deferred tax*

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

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

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.15 INCOME TAX – CONT'D

(iii) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax except :

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

The net amount of Goods and Services Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### 2.16 GOVERNMENT GRANTS

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to income are presented as a credit in profit or loss and recognised as other income. Alternatively, they may be deducted in reporting the related expenses.

Government grants relating to assets are deducted against the carrying amount of the assets.

#### 2.17 EMPLOYEE BENEFITS

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

*Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

*Short-term employee benefits*

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

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.18 SHARE CAPITAL

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

#### 2.19 CONTINGENCIES

A contingent liability is :

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (ii) a present obligation that arises from past events but is not recognised because :
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

#### 2.20 RELATED PARTIES

A related party is defined as follows :

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

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.20 RELATED PARTIES – CONT'D

A related party is defined as follows : – cont'd

(ii) An entity is related to the Company if any of the following conditions applies : – cont'd

- 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);
- 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; or
- the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events and are believed to be reasonable under the circumstances.

(i) *Key sources of estimation uncertainty*

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

(a) *Income taxes*

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues base on estimates of whether additional taxes will be due. Where the final tax outcome of this matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination was made.

(b) *Estimated useful lives of property, plant and equipment*

The Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in this estimates brought about by changes in the factors mentioned.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS – CONT'D

(i) *Key sources of estimation uncertainty – cont'd*

(c) *Inventories valuation method*

Inventories are carried at the lower of actual cost and net realisable value. Cost is determined primarily using the first-in, first-out method. Market price is generally the merchandise's selling price quoted from the market of similar items. Management reviews the Company's inventories levels in order to identify slow-moving and obsolete merchandise and identifies items of inventories which have a market price that is lower than its carrying amount. Changes in demand levels, technological developments and pricing competition could affect the salability and values of the inventories which could then consequentially impact the Company's results, cash flows and financial position.

(d) *Loss allowance for impairment of trade and other receivables*

Management determines the expected loss arising from default for trade and other receivables, by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of debtors.

Notwithstanding the above, the Company evaluates the expected credit loss on debtors in financial difficulties separately. There is no debtor in financial difficulties during the financial year.

(e) *Leases – estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(ii) *Judgements made in applying the entity's accounting policies*

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

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 4. REVENUE

#### *Disaggregation of revenue*

	2020 S\$	2019 S\$
<u>Type of goods</u>		
Sale of second-hand computer hardware and computer peripherals	2,891,093	2,251,395
	2020 S\$	2019 S\$
<u>Timing of transfer of goods</u>		
At a point in time	2,891,093	2,251,395

### 5. OTHER INCOME

	2020 S\$	2019 S\$
Government grants	78,405	33,154
Management income	40,201	-
Marketing fund income	624,100	293,200
Miscellaneous income	3,884	5,481
Rental income	31,800	-
Rent concessions	18,628	-
	797,018	331,835

- (i) Included in government grants are rental rebates of S\$3,208 relating to property tax rebates and cash grants from the Singapore Government which are mandated to be passed on by the landlord to the Company as tenant.
- (ii) Rent concessions relate to rental rebates for the Company's leased buildings under the Rental Relief Framework as mandated by the Singapore Government whereby the landlord is obliged to waive up to certain months of rent to the Company as tenant.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 6. EMPLOYEE BENEFITS EXPENSE

	2020 S\$	2019 S\$
Salaries and bonuses (including directors)	392,763	324,506
Employer's contribution to Central Provident Fund	49,315	36,554
Other short-term benefits	27,749	18,939
	<u>469,827</u>	<u>379,999</u>

### 7. FINANCE COSTS

	2020 S\$	2019 S\$
Interest expense on :		
- Lease liabilities	<u>328</u>	<u>-</u>

### 8. LOSS BEFORE TAX

	2020 S\$	2019 S\$
The following items have been included in arriving at the loss before tax :		
Fines and penalties	58	-
Government grants expense - rent concessions	3,208	-
Legal and professional fees	12,400	1,900
Loss on foreign exchange	87	2
Management fees	128,755	-
Rental expenses		
- Equipment	-	500
- Premises	<u>127,153</u>	<u>105,489</u>

Government grants expense relates to property tax rebates received from the Singapore Government that were transferred to tenants in the form of rent rebates during the financial year and rental waivers provided to eligible tenants as part of the qualifying conditions of the cash grant.



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 9. INCOME TAX EXPENSE

There is no income tax expense as the Company did not have taxable profit for the current and previous financial years.

As at the reporting date, the Company has unutilised donations and tax losses amounting to approximately S\$1,800 (2019 : S\$1,800) and S\$58,235 (2019 : S\$6,353) respectively available for offset against future taxable profits subject to compliance with the relevant sections of the income tax legislations and to agreement with the tax authorities.

Unutilised tax benefits totalling approximately S\$10,206 (2019 : S\$1,386) arising from unutilised donations and tax losses have not been recognised as there is no reasonable certainty of their realisation in the future years.

### 10. PROPERTY, PLANT AND EQUIPMENT

	Leased premises S\$	Computers & software S\$	Office equipment S\$	Renovation S\$	Total S\$
<b>Cost</b>					
At 1 January 2019	-	96,215	5,191	-	101,406
Additions	-	41,150	-	1,800	42,950
At 31 December 2019	-	137,365	5,191	1,800	144,356
Addition	75,028	250,020	-	-	325,048
At 31 December 2020	75,028	387,385	5,191	1,800	469,404
<b>Accumulated depreciation</b>					
At 1 January 2019	-	55,592	3,852	-	59,444
Depreciation charge	-	32,663	1,336	600	34,599
At 31 December 2019	-	88,255	5,188	600	94,043
Depreciation charge	3,126	74,388	-	600	78,114
At 31 December 2020	3,126	162,643	5,188	1,200	172,157
<b>Carrying amount</b>					
At 31 December 2019	-	49,110	3	1,200	50,313
At 31 December 2020	71,902	224,742	3	600	297,247

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 10. PROPERTY, PLANT AND EQUIPMENT – CONT'D

#### *Right-of-use assets and lease modification*

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 19(i).

### 11. INVENTORIES

	2020 S\$	2019 S\$
<b>Balance sheet :</b>		
Products held for trading and retail (at cost)	373,305	521,269
Total inventories at lower of cost and net realisable value	<u>373,305</u>	<u>521,269</u>
<b>Statement of profit or loss :</b>		
Inventories recognised as an expense in cost of sales	<u>1,989,604</u>	<u>1,518,337</u>

### 12. TRADE RECEIVABLES

	2020 S\$	2019 S\$
Trade receivables :		
- Related party	-	250
- External parties	26,080	150
	<u>26,080</u>	<u>400</u>

(i) Trade receivables are non-interest bearing and are generally on 30 (2019 : 30) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(ii) The age analysis of trade receivables past due but not impaired is as follows :

	2020 S\$	2019 S\$
Past due ≤ 90 days	19,500	-
Past due 91 to 180 days	2,772	-
Past due over 180 days	838	-
	<u>23,110</u>	<u>-</u>

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 12. TRADE RECEIVABLES – CONT'D

Trade receivables are considered to be low credit risk and subject to immaterial credit losses. Therefore, no recognition for a loss allowance at an amount equal to lifetime expected credit losses is provided. Credit risk for these assets has not increased significantly since their initial recognition. However, the Company updates its measurement of the 12-month expected credit losses for the increased risk of a default occurring in the next 12 months and for current expectations of the credit losses that would arise if a default were to occur.

Trade receivables are denominated in Singapore Dollar.

### 13. OTHER RECEIVABLES

	2020 S\$	2019 S\$
Other receivables :		
- Related parties	72,092	3,231
- External party	-	510
Deposits	12,280	7,080
Prepayments	21,091	47,159
	<u>105,463</u>	<u>57,980</u>

The amounts due from related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Other receivables are considered to be low credit risk and subject to immaterial credit loss. Credit risk for these assets has not increased significantly since their initial recognition.

Other receivables are denominated in Singapore Dollar.

### 14. CASH AND CASH EQUIVALENTS

	2020 S\$	2019 S\$
Cash at bank and on hand	120,797	27,363
As disclosed in balance sheet and statement of cash flows	<u>120,797</u>	<u>27,363</u>

Cash and bank balances are denominated in Singapore Dollar.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 15. TRADE PAYABLES

	2020 S\$	2019 S\$
Trade payables :		
- Related parties	32,587	91,635
- External parties	52,846	80,796
	<u>85,433</u>	<u>172,431</u>

Trade payables are non-interest bearing and are normally settled on 30 (2019 : 30) days' terms.

Trade payables are denominated in Singapore Dollar.

### 16. OTHER PAYABLES

	2020 S\$	2019 S\$
Other payables :		
- Related parties	593,531	245,946
- External parties	1,249	3,741
Accrued operating expenses	95,826	12,495
	<u>690,606</u>	<u>262,182</u>

(i) Other payables are non-interest bearing.

(ii) The amounts due to related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Other payables are denominated in Singapore Dollar.

### 17. AMOUNT DUE TO DIRECTORS

These amounts are advances from directors which are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The amounts due to directors are denominated in Singapore Dollar.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 18. LOANS AND BORROWINGS

	2020 S\$	2019 S\$
<i>Current</i>		
Lease liabilities (secured) [Note 19]	36,691	-
<i>Non-Current</i>		
Lease liabilities (secured) [Note 19]	35,365	-
	<u>72,056</u>	<u>-</u>

A reconciliation of liabilities arising from financing activities excluding bank overdrafts is as follows:

	1 January 2020 S\$	Cash flows S\$	Acquisition S\$	Non-cash changes Accretion of interests S\$	Others S\$	31 December 2020 S\$
<b>Liabilities</b>						
Lease Liabilities						
- current	-	(3,300)	2,972	328	36,691	36,691
- non-current	-	-	72,056	-	(36,691)	35,365
	<u>-</u>	<u>(3,300)</u>	<u>75,028</u>	<u>328</u>	<u>-</u>	<u>72,056</u>

Loans and borrowings are denominated in Singapore Dollar.

### 19. LEASES

#### Company as a lessee

The Company has lease contracts for premises. Leased premises generally have lease terms approximately 2 years. The Company's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain lease contracts for premises with lease terms of 12 months or less, cancellable leasing arrangements for premises with no commitment terms and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Lease payments on such leases are recognised as expenses on a straight-line basis over the lease terms.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 19. LEASES – CONT'D

#### Company as a lessee – cont'd

- (i) Carrying amounts of right-of-use assets classified within property, plant and equipment.

The carrying amounts of right-of-use assets and movements during the year are as follows :

	Leased premises S\$	Total S\$
At 1 January 2019 and 31 December 2019	-	-
Additions	75,028	75,028
Depreciation charge	(3,126)	(3,126)
At 31 December 2020	<u>71,902</u>	<u>71,902</u>

- (ii) Lease liabilities

The carrying amounts of lease liabilities (included under loans and borrowings) and the movements during the year are disclosed in Note 18.

The maturity analysis of lease liabilities of the Company at each reporting date are as follows :

	2020 S\$	2019 S\$
Contractual undiscounted cash flows :		
- Not later than one year	39,600	-
- Between one and two years	36,300	-
	<u>75,900</u>	<u>-</u>
Less : Future interest expenses	(3,844)	-
Present value of lease liabilities	<u>72,056</u>	<u>-</u>
Presented in balance sheet :		
Classified as current liabilities	36,691	-
Classified as non-current liabilities	35,365	-
	<u>72,056</u>	<u>-</u>

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 19. LEASES – CONT'D

#### *Company as a lessee – cont'd*

(iii) Amounts recognised in profit or loss

	2020 S\$	2019 S\$
Depreciation of right-of-use assets	3,126	-
Interest expense on lease liabilities	328	-
Lease expenses not capitalised in lease liabilities:		
- Short-term leases (included in rental of premises)	127,153	105,489
- Leases of low-value assets (included in rental of equipment)	-	500
	<u>130,607</u>	<u>105,989</u>
Total amount recognised in profit or loss	<u>130,607</u>	<u>105,989</u>

(iv) Total cash outflow

The Company had total cash outflows for leases of S\$111,825 (2019 : S\$105,989).

### 20. SHARE CAPITAL

	2020		2019	
	No. of shares	S\$	No. of shares	S\$
<b>Issued and fully paid ordinary shares</b>				
At beginning and end of financial year	<u>100</u>	<u>10,000</u>	<u>100</u>	<u>10,000</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share without restrictions and carry a right to dividends as and when declared by the Company.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 21. RELATED PARTY TRANSACTIONS

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

	2020 S\$	2019 S\$
Sale of goods to related parties	11,462	14,325
Cost of services charged by related parties	14,722	44,651
Purchase of trading goods from related parties	78,173	71,437
Subcontractor fees charged by related parties	59,650	98,216
Freight and handling charges charged by a related party	1,510	12,500
Management income from related parties	40,201	-
Marketing fund income from a related party	624,100	293,200
Rental income from a related party	31,800	-
General expenses charged by a related party	25,390	12,590
Management fees charged by related parties	128,755	-
Rental of premises charged by related parties	95,353	59,589
	<u>2020</u> S\$	<u>2019</u> S\$
Key management personnel compensation (directors) :		
- Directors' salaries and bonuses	79,300	51,200
- Employer's contribution to Central Provident Fund	13,481	8,704
	<u>92,781</u>	<u>59,904</u>
	<u>2020</u> S\$	<u>2019</u> S\$
Key management personnel compensation (other than directors):		
- Salaries and bonuses	18,000	48,400
- Employer's contribution to Central Provident Fund	3,060	8,228
	<u>21,060</u>	<u>56,628</u>

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

Related parties comprise mainly companies and entities which are controlled by the Company's key management personnel and their close family members.



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the financial performance of the Company.

The Company however does not have any written risk management policies and guidelines. The directors monitor the following risk management of the Company and believe that the financial risks associated with financial instruments are minimal.

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

#### 22.1 CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and setting appropriate credit limits. As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime expected credit loss. The Company determines the expected credit loss by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Company has assessed the expected credit losses arising from the trade receivables balances and not recognised any allowance as the management concluded the amounts of expected credit losses are not material.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. Where receivables are written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

### 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONT'D

#### 22.1 CREDIT RISK – CONT'D

##### Excessive risk concentration

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

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

##### Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with related parties comprising Nil (2019 : 63%) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

##### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

##### *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in the trade receivables note to the financial statements.

##### Other receivables

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month expected credit loss and determined that the expected credit loss is insignificant.

#### 22.2 LIQUIDITY RISK

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONT'D

#### 22.2 LIQUIDITY RISK– CONT'D

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

	One year or less S\$	One to five years S\$	Over five years S\$	Total S\$
As at 31 December 2020				
<b><u>Financial liabilities</u></b>				
Trade payables	85,433	-	-	85,433
Other payables	690,606	-	-	690,606
Amount due to directors	42,599	-	-	42,599
Lease liabilities (Note 19)	39,600	36,300	-	75,900
Total undiscounted financial liabilities	858,238	36,300	-	894,538
	One year or less S\$	One to five years S\$	Over five years S\$	Total S\$
As at 31 December 2019				
<b><u>Financial liabilities</u></b>				
Trade payables	172,431	-	-	172,431
Other payables	262,182	-	-	262,182
Amount due to directors	132,594	-	-	132,594
Total undiscounted financial liabilities	567,207	-	-	567,207

#### 22.3 MARKET RISK – FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risks that are denominated in currencies other than the Singapore Dollar (SGD), primarily the United States Dollar (USD).

The Company does not use any financial derivatives for trading or hedging purposes and there is no formal hedging policy with respect to foreign currency exposure. The Company ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates and that any fluctuations to the exchange rates would not materially affect the Company's exposure.

The sensitivity analysis for foreign currency risk is not disclosed as the effect on income or expenditure is not significant.

# **PC DREAMS PRIVATE LIMITED**

Company Registration No : 200708724E

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

---

### **22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONT'D**

#### **22.4 CAPITAL RISK MANAGEMENT AND POLICIES**

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain an adequate and efficient capital structure so as to maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

### **23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Management has determined that the carrying amounts of current financial assets and liabilities approximate their fair values because these instruments are short-term in nature.

### **24. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 9 August 2021.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## DETAILED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020 S\$	2019 S\$
<b>REVENUE</b>	2,891,093	2,251,395
<b>LESS: COST OF SALES</b>		
Inventories at beginning of financial year	521,269	396,021
Cost of services	63,852	52,597
Purchases	1,773,518	1,616,244
Subcontractor fees	62,088	133,504
Marketing fund expenses	624,100	293,200
Freight and handling charges	68,122	27,341
	<u>3,112,949</u>	<u>2,518,907</u>
Less: Inventories at end of financial year	(373,305)	(521,269)
	<u>(2,739,644)</u>	<u>(1,997,638)</u>
<b>GROSS PROFIT</b>	151,449	253,757
<b>ADD: OTHER INCOME</b>		
Government grants	78,405	33,154
Management income	40,201	-
Marketing fund income	624,100	293,200
Miscellaneous income	3,884	5,481
Rent concessions	18,628	-
Rental income	31,800	-
	<u>797,018</u>	<u>331,835</u>
	948,467	585,592
<b>LESS: OPERATING EXPENSES (APPENDIX A)</b>	<u>(1,006,387)</u>	<u>(614,674)</u>
<b>LOSS BEFORE TAX</b>	<u>(57,920)</u>	<u>(29,082)</u>

The above detailed statement of profit or loss does not form part of the statutory financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## DETAILED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### APPENDIX A: OPERATING EXPENSES

	2020 S\$	2019 S\$
Accounting fees	3,800	3,850
Advertising and promotion expenses	34,894	11,066
Bank charges	2,286	1,559
Casual labour	15,682	-
CPF contribution	49,315	36,554
Credit card and NETS merchant charges	65,541	24,696
Depreciation of property, plant and equipment	78,114	34,599
Directors' remuneration	79,300	51,200
Fines and penalties	58	-
Foreign worker levy	10,131	15,543
General expenses	28,944	20,599
Government grants expenses	3,208	-
Insurance	2,798	1,250
Interest on lease liabilities	328	-
Legal and professional fees	12,400	1,900
Loss on foreign exchange	87	2
Management fees	128,755	-
Medical fees	289	660
Postage and courier charges	284	305
Printing and stationery	1,892	1,703
Rental of equipment	-	500
Rental of premises	127,153	105,489
Secretarial fees	666	991
Skill development levy	909	772
Staff salaries and bonuses	313,463	273,306
Staff welfare	738	1,964
Subscription fees	1,928	1,947
Telephone and internet charges	676	824
Training expenses	-	150
Transport charges	514	599
Upkeep of premises	40,821	20,601
Water and light	1,413	2,045
	<u>1,006,387</u>	<u>614,674</u>

The above detailed statement of profit or loss does not form part of the statutory financial statements.

**PC DREAMS PRIVATE LIMITED**

Company Registration No : 200708724E

(Incorporated in the Republic of Singapore)

**UNAUDITED ANNUAL REPORT**

**31 DECEMBER 2021**

# **PC DREAMS PRIVATE LIMITED**

Company Registration No : 200708724E

(Incorporated in the Republic of Singapore)

## **UNAUDITED ANNUAL REPORT**

**31 DECEMBER 2021**

CONTENTS	Pages
DIRECTORS' STATEMENT	1 - 2
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
BALANCE SHEET	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 35



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## DIRECTORS' STATEMENT

---

The directors are pleased to present the statement to the members together with the financial statements of PC DREAMS PRIVATE LIMITED, (the "Company") for the financial year ended 31 December 2021.

### OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) 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 in office at the date of this statement are :

Tan Ching Hwee  
Wong Yun Tang

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

### DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter. 50 (the "Act"), none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations, except as stated below :

#### Ordinary shares registered in the name of director

<u>Name of director</u>	<u>At beginning of financial year</u>	<u>At end of financial year</u>
Tan Ching Hwee	55	55
Tan Choon Seng	45	45

\* Tan Choon Seng resigned as a director of the Company with effect from 9 March 2022.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## DIRECTORS' STATEMENT

---

### SHARE OPTIONS

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

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company.

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

The Board of Directors

.....  
Tan Ching Hwee

.....  
Wong Yun Tang

Singapore

10 June 2022

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 S\$	2020 S\$
<b>REVENUE</b>	4	2,632,001	2,891,093
<b>OTHER INCOME</b>	5	651,311	797,018
<b>TOTAL INCOME</b>		<u>3,283,312</u>	<u>3,688,111</u>
<b>LESS : COSTS AND EXPENSES</b>			
Changes in inventories		59,555	(147,964)
Cost of services		(61,288)	(63,852)
Purchases		(1,606,756)	(1,773,518)
Subcontractor fees		(55,851)	(62,088)
Marketing fund expenses		(571,100)	(624,100)
Depreciation of plant and equipment	10	(70,356)	(78,114)
Employee benefits expense	6	(453,341)	(469,827)
Finance costs	7	(4,105)	(328)
Other operating expenses		(459,515)	(526,240)
<b>TOTAL COSTS AND EXPENSES</b>		<u>(3,222,757)</u>	<u>(3,746,031)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	8	60,555	(57,920)
<b>INCOME TAX EXPENSE</b>	9	-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		60,555	(57,920)
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<u>60,555</u>	<u>(57,920)</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	2021 S\$	2020 S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>218,090</u>	<u>297,247</u>
		<u>218,090</u>	<u>297,247</u>
<b>Current assets</b>			
Inventories	11	432,860	373,305
Trade receivables	12	62,996	26,080
Other receivables	13	41,487	105,463
Cash and cash equivalents	14	<u>10,765</u>	<u>120,797</u>
		<u>548,108</u>	<u>625,645</u>
<b>TOTAL ASSETS</b>		<u><u>766,198</u></u>	<u><u>922,892</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	15	127,219	85,433
Other payables	16	287,530	690,606
Amount due to directors	17	162,217	42,599
Loans and borrowings	18	<u>71,391</u>	<u>36,691</u>
		<u>648,357</u>	<u>855,329</u>
<b>Non-current liabilities</b>			
Loans and borrowings	18	<u>25,088</u>	<u>35,365</u>
		<u>25,088</u>	<u>35,365</u>
<b>NET CURRENT LIABILITIES</b>		<u><u>(100,249)</u></u>	<u><u>(229,684)</u></u>
<b>TOTAL LIABILITIES</b>		<u><u>673,445</u></u>	<u><u>890,694</u></u>
<b>NET ASSETS</b>		<u><u>92,753</u></u>	<u><u>32,198</u></u>
<b>Capital and reserves attributable to equity owners of the Company</b>			
Share capital	20	10,000	10,000
Retained earnings		<u>82,753</u>	<u>22,198</u>
<b>TOTAL EQUITY</b>		<u><u>92,753</u></u>	<u><u>32,198</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>766,198</u></u>	<u><u>922,892</u></u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

	Share capital S\$	Retained earnings S\$	Total equity S\$
<b>Balance at 1 January 2020</b>	10,000	80,118	90,118
<b>Total comprehensive loss for the year</b>	-	(57,920)	(57,920)
<b>Balance at 31 December 2020</b>	10,000	22,198	32,198
<b>Total comprehensive income for the year</b>	-	60,555	60,555
<b>Balance at 31 December 2021</b>	10,000	82,753	92,753

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 S\$	2020 S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) before tax		60,555	(57,920)
Adjustments for :			
Depreciation of property, plant and equipment	10	70,356	78,114
Interest expense	7	4,105	328
Operating cash flows before changes in working capital		135,016	20,522
Changes in working capital :			
- inventories		(59,555)	147,964
- trade receivables		(36,916)	(25,680)
- other receivables		63,976	(47,483)
- trade payables		41,786	(86,998)
- other payables		(403,076)	428,424
- amount due to directors		119,618	(89,995)
<b>Net cash flows (used in)/from operations/operating activities</b>		<b>(139,151)</b>	<b>346,754</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from government grants		111,410	-
Purchase of property, plant and equipment	10	(29,900)	(250,020)
<b>Net cash flows generated from/(used in) investing activities</b>		<b>81,510</b>	<b>(250,020)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(4,105)	(328)
Principal payment for lease liabilities		(48,286)	(2,972)
<b>Net cash flows used in financing activities</b>		<b>(52,391)</b>	<b>(3,300)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(110,032)</b>	<b>93,434</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>120,797</b>	<b>27,363</b>
<b>Cash and cash equivalents at end of financial year</b>	14	<b>10,765</b>	<b>120,797</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

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

### 1. CORPORATE INFORMATION

PC Dreams Private Limited (the “Company”) is a limited exempt private company incorporated and domiciled in Singapore.

The registered office of the Company was located at 1 Rochor Canal Road, #03-01, Sim Lim Square, Singapore 188504; while the addresses of its principal places of business are located at 1 Rochor Canal Road, #03-01, #03-13, #03-40, #04-04, #04-16 & 05-03, Sim Lim Square, Singapore 188504 and 200 Victoria Street, #03-25/26, Bugis Junction, Singapore 188021.

Pursuant to a Directors' board resolution dated on 9 March 2022, the Company changed its registered office to 1 Rochor Canal Road, #05-03, Sim Lim Square, Singapore 188504.

The principal activities of the Company are those in the retail sale and wholesale of second-hand computer hardware and peripheral equipment.

The financial statements of the Company have not been audited as the Company is exempt from audit requirements in respect of the financial year ended 31 December 2021 pursuant to the provisions of the Companies Act, Cap. 50.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

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

The financial statements are presented in Singapore Dollar (S\$), which is the functional currency of the Company.

#### 2.2 ADOPTION OF NEW AND AMENDED STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2021.

Except for the adoption of amendment to FRS 116 *Leases: Covid-19-Related Rent Concessions* beyond 30 June 2021 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.2 ADOPTION OF NEW AND AMENDED STANDARDS – CONT'D

Early adoption of amendment to FRS 116 *Leases: Covid-19-Related Rent Concessions beyond 30 June 2021*.

The Company has early adopted the further amendment to FRS 116 which was issued to extend the scope of the rent concessions to include payments originally due on or before 30 June 2022.

The standard allows the lessee to account for any Covid-19 related rent concessions received as a variable lease payment with the effect of the rent concession recognised directly in the profit or loss, rather than a lease modification, which generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate under FRS 116 *Leases*.

The Company has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S\$Nil (2020 : S\$18,628) was recognised other income in the profit or loss during the financial year.

#### 2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling A Contract</i>	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS 1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12 <i>Income Taxes: Deferred Tax related To Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

The directors expect that the adoption of the standards above, where relevant to the Company in future periods will have no material impact on the financial statements of the Company in the period of their initial application.



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.4 FOREIGN CURRENCY

The financial statements are presented in Singapore Dollar (S\$), which is the functional currency of the Company.

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

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

#### 2.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

#### 2.6 FINANCIAL INSTRUMENTS

(i) *Financial assets*  
*Initial recognition and measurement*

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.6 FINANCIAL INSTRUMENTS – CONT'D

(i) *Financial assets – cont'd*

*Initial recognition and measurement – cont'd*

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

*Subsequent measurement*

*Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debts instruments are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Company only has debt instruments at amortised cost.

*Amortised cost*

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

*De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(ii) *Financial liabilities*

*Initial recognition and measurement*

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

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

*Subsequent measurement*

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

*De-recognition*

A 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.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.7 IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

#### 2.8 PROPERTY, PLANT AND EQUIPMENT

##### (i) *Measurement*

All items of property, plant and equipment are initially recognised at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as consequence of acquiring or using the property, plant and equipment.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.8 PROPERTY, PLANT AND EQUIPMENT – CONT'D

(ii) *Depreciation*

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

	<u>Useful lives</u>
Leased premises (right-of-use assets)	2 years
Computers & software	3 to 5 years
Office equipment	3 years
Renovation	3 years

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

(iii) *Disposal*

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

#### 2.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method 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 estimated costs necessary to make the sale.

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

#### 2.10 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise of cash at bank and on hand which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts form an integral part of the Company's cash management and are presented as current borrowings on the balance sheet.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.11 PROVISIONS

##### General provisions

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

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

#### 2.12 BORROWING COSTS

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 2.13 LEASES

The Company 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.

##### (i) As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

##### *Right-of-use assets*

The Company 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 measured at cost, less any accumulated depreciation and 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, 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.

If ownership of the leased asset transfers to the Company 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. The accounting policy for impairment is disclosed in Note 2.5.

The Company's right-of-use assets are presented within property, plant and equipment.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.13 LEASES – CONT'D

(i) *As lessee – cont'd*

*Lease liabilities*

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company uses the interest rate implicit in the lease unless this is not readily determinable, in which case the company's incremental borrowing rate at the lease commencement date is used. 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.

The Company's lease liabilities are included in loans and borrowings.

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

The Company applies the short-term lease recognition exemption to right-of-use assets and lease liabilities for 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) and leases of low-value assets. 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.

*Rent concessions*

The Company has applied the amendment to FRS 116 *Leases: Covid-19-Related Rent Concessions* beyond 30 June 2021. The Company applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.13 LEASES – CONT'D

*(ii) As lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### 2.14 REVENUE RECOGNITION

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

*(i) Sale of second-hand computer hardware and computer peripherals*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery and all criteria for acceptance have been satisfied. There is no element of significant financing components in the Company's revenue transactions as sales are usually paid in cash or by credit/debit card or within a credit term of 30 days. The transaction price is allocated to the sale based on their relative stand-alone selling prices net of any estimated volume discounts (if any).

There are no obligations for returns, refunds, warranties and other similar obligations which might affect the revenue recognised.

*(ii) Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

*(iii) Management income*

Management income is recognised when services are rendered.

*(iv) Marketing fund income*

Marketing fund income is recognised when services are rendered.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.15 INCOME TAX

(i) *Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

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

(ii) *Deferred tax*

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

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

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.15 INCOME TAX – CONT'D

(iii) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax except :

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

The net amount of Goods and Services Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

#### 2.16 GOVERNMENT GRANTS

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to income are presented as a credit in profit or loss and recognised as other income. Alternatively, they may be deducted in reporting the related expenses.

Government grants relating to assets are deducted against the carrying amount of the assets.

#### 2.17 EMPLOYEE BENEFITS

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

*Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

*Short-term employee benefits*

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

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.18 SHARE CAPITAL

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

#### 2.19 CONTINGENCIES

A contingent liability is :

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (ii) a present obligation that arises from past events but is not recognised because :
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

#### 2.20 RELATED PARTIES

A related party is defined as follows :

- (i) A person or a close member of that person's family is related to the Company if that person :
  - has control or joint control over the Company;
  - has significant influence over the Company; or
  - is a member of the key management personnel of the Company or of a parent of the Company.
- (ii) An entity is related to the Company if any of the following conditions applies :
  - the person identified in (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;
  - the entity is controlled or jointly controlled by a person identified in (i);
  - 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);
  - both entities are joint ventures of the same third party;

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

#### 2.20 RELATED PARTIES – CONT'D

A related party is defined as follows : – cont'd

- (ii) An entity is related to the Company if any of the following conditions applies : – cont'd
  - one entity is a joint venture of a third party and the other entity is an associate of the third party;
  - 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);
  - 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; or
  - the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events and are believed to be reasonable under the circumstances.

#### (i) *Key sources of estimation uncertainty*

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

#### (a) *Income taxes*

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues base on estimates of whether additional taxes will be due. Where the final tax outcome of this matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination was made.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS – CONT'D

(i) *Key sources of estimation uncertainty – cont'd*

(b) *Estimated useful lives of property, plant and equipment*

The Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in this estimates brought about by changes in the factors mentioned.

(c) *Inventories valuation method*

Inventories are carried at the lower of actual cost and net realisable value. Cost is determined primarily using the first-in, first-out method. Market price is generally the merchandise's selling price quoted from the market of similar items. Management reviews the Company's inventories levels in order to identify slow-moving and obsolete merchandise and identifies items of inventories which have a market price that is lower than its carrying amount. Changes in demand levels, technological developments and pricing competition could affect the salability and values of the inventories which could then consequentially impact the Company's results, cash flows and financial position.

(d) *Loss allowance for impairment of trade and other receivables*

Management determines the expected loss arising from default for trade and other receivables, by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of debtors.

Notwithstanding the above, the Company evaluates the expected credit loss on debtors in financial difficulties separately. There is no debtor in financial difficulties during the financial year.

(e) *Leases – estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(ii) *Judgements made in applying the entity's accounting policies*

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

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 4. REVENUE

#### *Disaggregation of revenue*

	2021 S\$	2020 S\$
<u>Type of goods</u>		
Sale of second-hand computer hardware and computer peripherals	2,632,001	2,891,093
	<u>2,632,001</u>	<u>2,891,093</u>
	2021 S\$	2020 S\$
<u>Timing of transfer of goods</u>		
At a point in time	2,632,001	2,891,093
	<u>2,632,001</u>	<u>2,891,093</u>

### 5. OTHER INCOME

	2021 S\$	2020 S\$
Government grants	42,509	78,405
Management income	32,502	40,201
Marketing fund income	571,100	624,100
Miscellaneous income	-	3,884
Rent concessions	-	18,628
Rental income	5,200	31,800
	<u>651,311</u>	<u>797,018</u>

- (i) Included in government grants are rental rebates of S\$Nil (2020 : S\$3,208) relating to property tax rebates from the Singapore Government which are mandated to be passed on by the landlord to the Company as tenant.
- (ii) Rent concessions relate to rental rebates for the Company's leased buildings under the Rental Relief Framework as mandated by the Singapore Government whereby the landlord is obliged to waive up to certain months of rent to the Company as tenant.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 6. EMPLOYEE BENEFITS EXPENSE

	2021 S\$	2020 S\$
Salaries and bonuses (including directors)	369,659	392,763
Employer's contribution to Central Provident Fund	43,905	49,315
Other short-term benefits	39,777	27,749
	<u>453,341</u>	<u>469,827</u>

### 7. FINANCE COSTS

	2021 S\$	2020 S\$
Interest expense on :		
- Lease liabilities	<u>4,105</u>	<u>328</u>

### 8. PROFIT/(LOSS) BEFORE TAX

	2021 S\$	2020 S\$
The following items have been included in arriving at the profit/(loss) before tax :		
Fines and penalties	66	58
Government grants expense - rent concessions	-	3,208
Legal and professional fees	19,700	12,400
Loss on foreign exchange	74	87
Management fees	100,319	128,755
Rental expenses		
- Premises	<u>90,202</u>	<u>127,153</u>

Government grants expense relates to property tax rebates received from the Singapore Government that were transferred to tenants in the form of rent rebates during the financial year and rental waivers provided to eligible tenants as part of the qualifying conditions of the cash grant.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 9. INCOME TAX EXPENSE

A reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate is as follows :

	2021 S\$	2020 S\$
Profit/(Loss) before tax	<u>60,555</u>	<u>(57,920)</u>
Income tax calculated using statutory tax rate of 17% (2020 : 17%)	10,294	(9,846)
Adjustments:		
- Income not subject to tax	(4,105)	(11,868)
- Expenses not deductible for tax purposes	4,313	13,166
- Utilisation of tax losses and capital allowances	(10,206)	(1,080)
- Deferred tax assets not recognised	10	9,900
- Others	(306)	(272)
Income tax expense recognised in profit or loss	<u>-</u>	<u>-</u>

As at the reporting date, the Company has unutilised donations and tax losses amounting to approximately S\$58 (2020 : S\$1,800) and S\$Nil (2020 : S\$58,235) respectively available for offset against future taxable profits subject to compliance with the relevant sections of the income tax legislations and to agreement with the tax authorities.

Unutilised tax benefits totalling approximately S\$10 (2020 : S\$10,206) arising from unutilised donations and tax losses have not been recognised as there is no reasonable certainty of their realisation in the future years.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 10. PROPERTY, PLANT AND EQUIPMENT

	Leased premises S\$	Computers & software S\$	Office equipment S\$	Renovation S\$	Total S\$
<b>Cost</b>					
At 1 January 2020	-	137,365	5,191	1,800	144,356
Additions	75,028	250,020	-	-	325,048
At 31 December 2020	75,028	387,385	5,191	1,800	469,404
Additions	72,709	24,340	5,560	-	102,609
Government grants adjustment	-	(111,410)	-	-	(111,410)
At 31 December 2021	147,737	300,315	10,751	1,800	460,603
<b>Accumulated depreciation</b>					
At 1 January 2020	-	88,255	5,188	600	94,043
Depreciation charge	3,126	74,388	-	600	78,114
At 31 December 2020	3,126	162,643	5,188	1,200	172,157
Depreciation charge	49,632	18,538	1,587	599	70,356
At 31 December 2021	52,758	181,181	6,775	1,799	242,513
<b>Carrying amount</b>					
At 31 December 2020	71,902	224,742	3	600	297,247
At 31 December 2021	94,979	119,134	3,976	1	218,090

#### *Right-of-use assets*

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 19(i).



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 11. INVENTORIES

	2021 S\$	2020 S\$
<b>Balance sheet :</b>		
Products held for trading and retail (at cost)	432,860	373,305
Total inventories at lower of cost and net realisable value	<u>432,860</u>	<u>373,305</u>
<b>Statement of profit or loss :</b>		
Inventories recognised as an expense in cost of sales	<u>1,611,089</u>	<u>1,989,604</u>

### 12. TRADE RECEIVABLES

	2021 S\$	2020 S\$
Trade receivables :		
- Related party	34,352	-
- External parties	28,644	26,080
	<u>62,996</u>	<u>26,080</u>

(i) Trade receivables are non-interest bearing and are generally on 30 (2020 : 30) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(ii) The age analysis of trade receivables past due but not impaired is as follows :

	2021 S\$	2020 S\$
Past due ≤ 90 days	46,230	19,500
Past due 91 to 180 days	-	2,772
Past due over 180 days	-	838
	<u>46,230</u>	<u>23,110</u>

Trade receivables are considered to be low credit risk and subject to immaterial credit losses. Therefore, no recognition for a loss allowance at an amount equal to lifetime expected credit losses is provided. Credit risk for these assets has not increased significantly since their initial recognition. However, the Company updates its measurement of the 12-month expected credit losses for the increased risk of a default occurring in the next 12 months and for current expectations of the credit losses that would arise if a default were to occur.

Trade receivables are denominated in Singapore Dollar.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 13. OTHER RECEIVABLES

	2021 S\$	2020 S\$
Other receivables :		
- Related parties	6,216	72,092
- External parties	5,052	-
Deposits	12,020	12,280
Prepayments	18,199	21,091
	<u>41,487</u>	<u>105,463</u>

The amounts due from related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Other receivables are considered to be low credit risk and subject to immaterial credit loss. Credit risk for these assets has not increased significantly since their initial recognition.

Other receivables are denominated in Singapore Dollar.

### 14. CASH AND CASH EQUIVALENTS

	2021 S\$	2020 S\$
Cash at bank and on hand	10,765	120,797
As disclosed in balance sheet and statement of cash flows	<u>10,765</u>	<u>120,797</u>

Cash and bank balances are denominated in Singapore Dollar.

### 15. TRADE PAYABLES

	2021 S\$	2020 S\$
Trade payables :		
- Related parties	18,839	32,587
- External parties	108,380	52,846
	<u>127,219</u>	<u>85,433</u>

Trade payables are non-interest bearing and are normally settled on 30 (2020 : 30) days' terms.

Trade payables are denominated in Singapore Dollar.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 16. OTHER PAYABLES

	2021 S\$	2020 S\$
Other payables :		
- Related parties	265,416	593,531
- External parties	55	1,249
Accrued operating expenses	22,059	95,826
	<u>287,530</u>	<u>690,606</u>

(i) Other payables are non-interest bearing.

(ii) The amounts due to related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Other payables are denominated in Singapore Dollar.

### 17. AMOUNT DUE TO DIRECTORS

These amounts are advances from directors which are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The amounts due to directors are denominated in Singapore Dollar.

### 18. LOANS AND BORROWINGS

	2021 S\$	2020 S\$
<i>Current</i>		
Lease liabilities (Note 19)	71,391	36,691
<i>Non-Current</i>		
Lease liabilities (Note 19)	25,088	35,365
	<u>96,479</u>	<u>72,056</u>

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 18. LOANS AND BORROWINGS – CONT'D

A reconciliation of liabilities arising from financing activities excluding bank overdrafts is as follows:

	1 January 2021 S\$	Cash flows S\$	Non-cash changes Acquisition and S\$	Accretion of interests S\$	Others S\$	31 December 2021 S\$
<b>Liabilities</b>						
Lease Liabilities						
- current	36,691	(52,391)	12,118	4,105	70,868	71,391
- non-current	35,365	-	60,591	-	(70,868)	25,088
	<u>72,056</u>	<u>(52,391)</u>	<u>72,709</u>	<u>4,105</u>	<u>-</u>	<u>96,479</u>

	1 January 2020 S\$	Cash flows S\$	Non-cash changes Acquisition S\$	Accretion of interests S\$	Others S\$	31 December 2020 S\$
<b>Liabilities</b>						
Lease Liabilities						
- current	-	(3,300)	2,972	328	36,691	36,691
- non-current	-	-	72,056	-	(36,691)	35,365
	<u>-</u>	<u>(3,300)</u>	<u>75,028</u>	<u>328</u>	<u>-</u>	<u>72,056</u>

Loans and borrowings are denominated in Singapore Dollar.

### 19. LEASES

#### Company as a lessee

The Company has lease contracts for premises. Leased premises generally have lease terms between approximately 2 years. The Company's obligations under these leases are secured by the lessor's title to the leased assets.

The Company also has certain lease contracts for premises with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases. Lease payments on such leases are recognised as expenses on a straight-line basis over the lease terms.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 19. LEASES – CONT'D

*Company as a lessee – cont'd*

- (i) Carrying amounts of right-of-use assets classified within property, plant and equipment.

The carrying amounts of right-of-use assets and movements during the year are as follows :

	Leased premises S\$	Total S\$
At 1 January 2020	-	-
Additions	75,028	75,028
Depreciation charge	(3,126)	(3,126)
At 31 December 2020	71,902	71,902
Additions	72,709	72,709
Depreciation charge	(49,632)	(49,632)
At 31 December 2021	94,979	94,797

- (ii) Lease liabilities

The carrying amounts of lease liabilities (included under loans and borrowings) and the movements during the year are disclosed in Note 18.

The maturity analysis of lease liabilities of the Company at each reporting date is as follows :

	2021 S\$	2020 S\$
Contractual undiscounted cash flows :		
- Not later than one year	74,676	39,600
- Between one and two years	25,584	36,300
	100,260	75,900
Less : Future interest expenses	(3,781)	(3,844)
Present value of lease liabilities	96,479	72,056
Presented in balance sheet :		
Classified as current liabilities	71,391	36,691
Classified as non-current liabilities	25,088	35,365
	96,479	72,056

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 19. LEASES – CONT'D

#### Company as a lessee – cont'd

(iii) Amounts recognised in profit or loss

	2021 S\$	2020 S\$
Depreciation of right-of-use assets	49,632	3,126
Interest expense on lease liabilities	4,105	328
Lease expenses not capitalised in lease liabilities: - Short-term leases (included in rental of premises)	90,209	127,153
Total amount recognised in profit or loss	<u>143,946</u>	<u>130,607</u>

(iv) Sublease income

The Company subleases excess retail space to an related party under operating leases. Total income for subleasing right-of-use assets was S\$5,200 (2020 : S\$31,800) (included in rental income under Note 5).

(v) Total cash outflow

The Company had total cash outflows for leases of S\$142,600 (2020 : S\$111,825).

### 20. SHARE CAPITAL

	2021		2020	
	No. of shares	S\$	No. of shares	S\$
<b>Issued and fully paid ordinary shares</b>				
At beginning and end of financial year	<u>100</u>	<u>10,000</u>	<u>100</u>	<u>10,000</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share without restrictions and carry a right to dividends as and when declared by the Company.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 21. RELATED PARTY TRANSACTIONS

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

	2021 S\$	2020 S\$
Sales to related parties	13,211	11,462
Cost of services charged by a related party	6,310	14,722
Purchase from related parties	126,444	78,173
Subcontractor fees charged by a related party	53,310	59,650
Freight and handling charges charged by a related party	2,140	1,510
Management income from related parties	32,502	40,201
Marketing fund income from a related party	571,100	624,100
Rental income from a related party	5,200	31,800
Advertising and promotion expenses charged by a related party	14,010	-
General expenses charged by a related party	16,350	25,390
Management fees charged by related parties	100,319	128,755
Rental of premises charged by related parties	73,002	95,353
	<u>2021</u>	<u>2020</u>
	S\$	S\$
Key management personnel compensation (directors) :		
- Directors' salaries and bonuses	100,800	79,300
- Employer's contribution to Central Provident Fund	17,136	13,481
	<u>117,936</u>	<u>92,781</u>
	<u>2021</u>	<u>2020</u>
	S\$	S\$
Key management personnel compensation (other than /directors):		
- Salaries and bonuses	-	18,000
- Employer's contribution to Central Provident Fund	-	3,060
	<u>-</u>	<u>21,060</u>

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

Related parties comprise mainly companies and entities which are controlled by the Company's key management personnel and their close family members.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the financial performance of the Company.

The Company however does not have any written risk management policies and guidelines. The directors monitor the following risk management of the Company and believe that the financial risks associated with financial instruments are minimal.

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

#### 22.1 CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and setting appropriate credit limits. As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime expected credit loss. The Company determines the expected credit loss by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Company has assessed the expected credit losses arising from the trade receivables balances and not recognised any allowance as the management concluded the amounts of expected credit losses are not material.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. Where receivables are written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.



# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONT'D

#### 22.1 CREDIT RISK – CONT'D

##### Excessive risk concentration

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

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

##### Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with a related party comprising 55% (2020 : Nil) of trade receivables and a major customer comprising 31% (2020 : Nil) of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

##### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

##### *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in the trade receivables note to the financial statements.

##### Other receivables

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month expected credit loss and determined that the expected credit loss is insignificant.

#### 22.2 LIQUIDITY RISK

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONT'D

#### 22.2 LIQUIDITY RISK– CONT'D

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

	One year or less S\$	One to five years S\$	Over five years S\$	Total S\$
As at 31 December 2021				
<b><u>Financial liabilities</u></b>				
Trade payables	127,219	-	-	127,219
Other payables	287,530	-	-	287,530
Amount due to directors	162,217	-	-	162,217
Lease liabilities (Note 19)	74,676	25,584	-	100,260
Total undiscounted financial liabilities	651,642	25,584	-	677,226
As at 31 December 2020				
<b><u>Financial liabilities</u></b>				
Trade payables	85,433	-	-	85,433
Other payables	690,606	-	-	690,606
Amount due to directors	42,599	-	-	42,599
Lease liabilities (Note 19)	39,600	36,300	-	75,900
Total undiscounted financial liabilities	858,238	36,300	-	894,538

#### 22.3 MARKET RISK – FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risks that are denominated in currencies other than the Singapore Dollar (SGD), primarily the United States Dollar (USD).

The Company does not use any financial derivatives for trading or hedging purposes and there is no formal hedging policy with respect to foreign currency exposure. The Company ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates and that any fluctuations to the exchange rates would not materially affect the Company's exposure.

The sensitivity analysis for foreign currency risk is not disclosed as the effect on income or expenditure is not significant.

# PC DREAMS PRIVATE LIMITED

Company Registration No : 200708724E

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

---

### 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – CONT'D

#### 22.4 CAPITAL RISK MANAGEMENT AND POLICIES

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain an adequate and efficient capital structure so as to maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

### 23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Management has determined that the carrying amounts of current financial assets and liabilities approximate their fair values because these instruments are short-term in nature.

### 24. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the financial year ended 31 December 2021, the Company issued additional 1,400 ordinary shares on 10 March 2022 for the Company's working capital purposes.

### 25. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 10 June 2022.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## DETAILED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021 S\$	2020 S\$
<b>REVENUE</b>	2,632,001	2,891,093
<b>LESS: COST OF SALES</b>		
Inventories at beginning of financial year	373,305	521,269
Cost of services	61,288	63,852
Purchases	1,606,756	1,773,518
Subcontractor fees	55,851	62,088
Marketing fund expenses	571,100	624,100
Freight and handling charges	63,888	68,122
	<u>2,732,188</u>	<u>3,112,949</u>
Less: Inventories at end of financial year	(432,860)	(373,305)
	<u>(2,299,328)</u>	<u>(2,739,644)</u>
<b>GROSS PROFIT</b>	332,673	151,449
<b>ADD: OTHER INCOME</b>		
Government grants	42,509	78,405
Management income	32,502	40,201
Marketing fund income	571,100	624,100
Miscellaneous income	-	3,884
Rent concessions	-	18,628
Rental income	5,200	31,800
	<u>651,311</u>	<u>797,018</u>
	983,984	948,467
<b>LESS: OPERATING EXPENSES (APPENDIX A)</b>	<u>(923,429)</u>	<u>(1,006,387)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	<u><u>60,555</u></u>	<u><u>(57,920)</u></u>

The above detailed statement of profit or loss does not form part of the statutory financial statements.

# PC DREAMS PRIVATE LIMITED

Company Registration No: 200708724E

## DETAILED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### APPENDIX A: OPERATING EXPENSES

	2021 S\$	2020 S\$
Accounting fees	5,900	3,800
Advertising and promotion expenses	73,776	34,894
Bank charges	3,252	2,286
Casual labour	27,435	15,682
CPF contribution	43,905	49,315
Credit card and NETS merchant charges	37,966	65,541
Depreciation of property, plant and equipment	70,356	78,114
Directors' remuneration	100,800	79,300
Fines and penalties	66	58
Foreign worker levy	10,705	10,131
General expenses	20,662	28,944
Government grants expenses	-	3,208
Insurance	3,956	2,798
Interest on lease liabilities	4,105	328
Legal and professional fees	19,700	12,400
Loss on foreign exchange	74	87
Management fees	100,319	128,755
Medical fees	580	289
Postage and courier charges	33	284
Printing and stationery	1,573	1,892
Rental of premises	90,202	127,153
Secretarial fees	1,330	666
Skill development levy	849	909
Staff salaries and bonuses	268,859	313,463
Staff welfare	208	738
Subscription fees	2,189	1,928
Telephone and internet charges	1,150	676
Transport charges	-	514
Upkeep of premises	29,236	40,821
Upkeep of private motor vehicles	2,440	-
Water and light	1,803	1,413
	<u>923,429</u>	<u>1,006,387</u>

The above detailed statement of profit or loss does not form part of the statutory financial statements.