

UNITED SPIRITS SINGAPORE PTE. LTD.
(Incorporated in Singapore. Registration Number: 201216632N)

ANNUAL REPORT
For the financial year ended 31 March 2020

UNITED SPIRITS SINGAPORE PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2020

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UNITED SPIRITS SINGAPORE PTE. LTD.
DIRECTORS' STATEMENT
For the financial year ended 31 March 2020

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2020.

In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 22 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, with continuing financial support from United Spirits Limited, 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 is as follows:

Abdul Hani Bin Ibrahim
Preeti Arora (appointed on 23 April 2019)

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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

UNITED SPIRITS SINGAPORE PTE. LTD.
DIRECTORS' STATEMENT
For the financial year ended 31 March 2020

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

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

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

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

Hani

Abdul Hani Bin Ibrahim
Director

21 May 2020

Preeti Arora

Preeti Arora
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
UNITED SPIRITS SINGAPORE PTE. LTD.**

For the financial year ended 31 March 2020

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of United Spirits Singapore Pte. Ltd. (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the year ended 31 March 2020;
- the balance sheet as at 31 March 2020;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
UNITED SPIRITS SINGAPORE PTE. LTD.**
For the financial year ended 31 March 2020

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
UNITED SPIRITS SINGAPORE PTE. LTD.**

For the financial year ended 31 March 2020

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 21 May 2020

UNITED SPIRITS SINGAPORE PTE. LTD.
STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2020

	Note	2020 US\$	2019 US\$
Other income	3	59,266	-
Other losses	4	(13,851)	(5)
Expenses			
- Distribution and marketing	5	(10,711)	(14,566)
- Administrative	5	(29,200)	(33,118)
Profit/(Loss) before income tax		5,504	(47,689)
Income tax expense	6	-	-
Profit/(Loss) after tax and total comprehensive income/(loss) for the year		5,504	(47,689)

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

UNITED SPIRITS SINGAPORE PTE. LTD.
BALANCE SHEET
As at 31 March 2020

	Note	2020 US\$	2019 US\$
ASSETS			
Current assets			
Cash and bank deposits	7	193,019	7,531
Trade receivables	8	-	125,502
Other current assets		8,053	10,872
		<u>201,072</u>	<u>143,905</u>
Non-current asset			
Property, plant and equipment	9	-	-
		<u>201,072</u>	<u>143,905</u>
LIABILITIES			
Current liabilities			
Other payables	10	59,131	177,468
Loan from related corporation	11	170,000	-
		<u>229,131</u>	<u>177,468</u>
NET LIABILITIES			
		<u>28,059</u>	<u>33,563</u>
EQUITY			
Share capital	12	1	1
Accumulated losses		(28,060)	(33,564)
Total deficit		<u>(28,059)</u>	<u>(33,563)</u>

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

UNITED SPIRITS SINGAPORE PTE. LTD.
STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2020

	<u>Share capital</u> US\$	<u>Accumulated losses</u> US\$	<u>Total equity</u> US\$
2020			
Beginning of financial year	1	(33,564)	(33,563)
Total comprehensive income for the year	-	5,504	5,504
End of financial year	1	(28,060)	(28,059)
2019			
Beginning of financial year	1	14,125	14,126
Total comprehensive loss for the year	-	(47,689)	(47,689)
End of financial year	1	(33,564)	(33,563)

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

UNITED SPIRITS SINGAPORE PTE. LTD.
STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2020

	Note	2020 US\$	2019 US\$
Cash flows from operating activities			
Profit/(Loss) after tax		5,504	(47,689)
Changes in working capital:			
- Trade receivables		125,502	17,391
- Other current assets		2,819	-
- Other payables		(118,337)	2,476
Cash (used in)/generated from operations		15,488	(27,822)
Net cash generated from/(used in) operating activities		15,488	(27,822)
Cash flows from financing activities			
Proceeds from borrowings		170,000	-
Net cash provided by financing activities		170,000	-
Net increase/(decrease) in cash and cash equivalents		185,488	(27,822)
Cash and cash equivalents at beginning of financial year	7	7,531	35,353
Cash and cash equivalents at end of financial year	7	193,019	7,532

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

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

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

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 9 Battery Road, Straits Trading Building, #15-01, Singapore 049910.

The principal activity of the Company is the marketing and distribution of alcoholic beverages. The Company has transferred its business operations to its intermediate holding corporation, United Spirits Limited in 2017 and has remained dormant.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations and amendments to published standards effective in 2019

On 1 April 2019, the Company adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.2 Employee compensation

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

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

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

2.3 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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

	<u>Useful life</u>
Office equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.5 Impairment of non-financial assets

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

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.6 Financial assets

The Company classifies its financial assets as financial assets carried at amortised cost.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

(ii) At subsequent measurement

Debt instrument

Debt instruments of the Company mainly comprise of cash and bank balances and trade and other receivables (excluding prepayments).

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(ii) *At subsequent measurement* (continued)

Debt instrument (continued)

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

For cash and bank balances, other receivables (excluding prepayments) and other current assets, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.9 Currency translation

The financial statements are presented in United States Dollars, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. Other income

	2020	2019
	US\$	US\$
Reversal of accrued operating expenses	59,266	-

4. Other losses

	2020	2019
	US\$	US\$
Net currency exchange losses	13,851	5

5. Expenses by nature

	2020	2019
	US\$	US\$
Professional fees	16,952	20,810
Bank charges	534	712
Storage fees	10,711	14,566
Directors' remuneration	3,715	3,759
Others	7,999	7,837
Total distribution and marketing expenses and administrative expenses	39,911	47,684

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

6. Income tax expense

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2020	2019
	US\$	US\$
Profit/(loss) before tax	5,504	(47,689)
Tax calculated at tax rate of 17% (2019:17%)	936	(8,107)
Effects of:		
- tax losses not recognised for deferred tax assets	(936)	8,107
Tax charge	-	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through taxable profits is probable. The Company has unrecognised tax losses of US\$98,482 (2019: US\$103,986) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry dates.

7. Cash and bank deposits

	2020	2019
	US\$	US\$
Cash at bank	193,019	7,531

8. Trade receivables

	2020	2019
	US\$	US\$
Trade receivables - intermediate holding corporation	-	125,502

Trade receivables due from the Company's intermediate holding corporation are unsecured, non-interest bearing and repayable on demand.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

9. Property, plant and equipment

	<u>Office equipment</u> US\$
2020	
<i>Cost</i>	
Beginning and end of financial year	<u>30,327</u>
<i>Accumulated depreciation</i>	
Beginning and end of financial year	<u>30,327</u>
Net book value	
End of financial year	<u>-</u>
2019	
<i>Cost</i>	
Beginning and end of financial year	<u>30,327</u>
<i>Accumulated depreciation</i>	
Beginning and end of financial year	<u>30,327</u>
Net book value	
End of financial year	<u>-</u>

10. Other payables

	2020 US\$	2019 US\$
Other payables to:		
- non-related parties	-	36,998
- related parties	17,391	-
Other accruals for operating expenses	41,740	140,470
	<u>59,131</u>	<u>177,468</u>

11. Loan from related corporation

	2020 US\$	2019 US\$
<i>Current</i>		
Loan from related corporation	<u>170,000</u>	-

The loan from related corporation is unsecured, denominated in the United States Dollar, interest free and is repayable on demand.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

11. Loan from related corporation (continued)

Reconciliation of liabilities arising from financing activities:

	1 January 2019 \$'000	Proceeds from borrowings \$'000	Principal and interest payments \$'000	Non-cash changes \$'000	31 December 2019 \$'000
				Interest expense \$'000	
Loan from related corporation	-	170,000	-	-	170,000

12. Share capital

The Company's share capital comprise 1 (2019: 1) fully paid-up ordinary share with no par value, amounting to a total of US\$1 (2019: US\$1).

13. Financial risk management

Financial risk factors

The Company's activities expose it to credit risk, liquidity risk and capital risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement and exposure limits. Financial risk management is carried out by management.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Company.

(i) *Risk management*

The Company adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing with financial institutions who are rated "A" and above by independent rating agencies and other counterparties with high credit ratings.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

13. Financial risk management (continued)

(a) Credit risk (continued)

(i) *Risk management* (continued)

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and Board of Directors.

There are no significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(ii) *Credit rating*

The Company uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses
Performing	Debtors that have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses
Underperforming	Debtors negotiating for new credit terms, default in repayment and other relevant indicators that showed debtors' increased credit risk.	Lifetime expected credit losses
Non-performing	Debtors with prolonged default in repayment and it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.	Lifetime expected credit losses
Write-off	Debtors with no reasonable expectation of recovery.	Asset is written off

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

13. Financial risk management (continued)

(a) Credit risk (continued)

(iii) *Impairment of financial assets*

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

To measure the expected credit losses, the Company considers historical payment patterns and credit characteristics of each debtor, and adjusts for forward looking information such as the future prospects of the debtors' core operating business, political and economic environment in which the Company's debtors operate in and other factors affecting the ability of the debtors to settle the receivables; and the amount of financial guarantee obtained on the outstanding amounts.

Expected credit loss is recognised in profit or loss. The Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, reversal to expected credit loss provision is recognised in profit or loss. Receivables are written off when there is no reasonable expectation of recovery.

As at 31 March 2020, cash at a bank and other current assets are rated with "performing" internal credit rating. The credit risk on bank balances and bank deposit is low as these balances are placed with reputable financial institutions. There is no credit loss recognised.

(b) Liquidity risk

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than <u>1 year</u> \$
At 31 March 2020	
Other payables	<u>229,131</u>
At 31 March 2019	
Other payables	<u>177,468</u>

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

13. Financial risk management (continued)

(c) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Board of Director monitors its capital based on net debt and total capital. Net debt is calculated as trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

	2020	2019
	US\$	US\$
Net debt	36,112	169,937
Total equity	(28,059)	(33,563)
Total capital	8,053	136,374

The Company is not subject to any externally imposed capital requirements.

(d) Fair value measurements

The carrying value less impairment provision of current receivables and payables are assumed to approximate their fair values.

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost are as follows:

	2020	2019
	US\$	US\$
Financial assets, at amortised cost	201,072	143,905
Financial liabilities, at amortised cost	229,131	177,468

14. Immediate, intermediate and ultimate holding corporations

The Company's immediate holding corporation is Asian Opportunities and Investments Limited, incorporated in Mauritius. The Company's intermediate holding corporation is United Spirits Limited, incorporated in India and its ultimate holding corporation is Diageo plc, incorporated in the United Kingdom.

UNITED SPIRITS SINGAPORE PTE. LTD.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2020

15. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

(a)	<i>Sales and purchase of goods and services</i>		
		2020	2019
		US\$	US\$
	Payments made on behalf by immediate holding corporation	-	17,392
		<hr/>	<hr/>
(b)	<i>Key management personnel compensation</i>		
		2020	2019
		US\$	US\$
	Directors' fees	3,715	3,759
		<hr/>	<hr/>
(c)	<i>Loans</i>		
		2020	2019
		US\$	US\$
	Loan from immediate holding corporation	170,000	-
		<hr/>	<hr/>

16. New or revised accounting standards and interpretations

The Company has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 April 2020. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption.

17. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of United Spirits Singapore Pte. Ltd. on 21 May 2020.