

Company Registration No. 201631787R

FS Capital Pte. Ltd.

Annual Financial Statements
31 December 2020



FS Capital Pte. Ltd.

General information

Directors

Teo Kelvin
Reynold Irsian Wijaya
Frank Jan Willem Stevenaar (Appointed on 27 Jan 2021)
Chua Cheng Zhan (Alternate Director)

Secretary

Chen Lai Fong Tracy

Registered Office

6 Shenton Way
#21-08 Oue Downtown
Singapore 068809

Auditor

Ernst & Young LLP

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FS Capital Pte. Ltd.

Directors' statement

The directors present their statement to the member together with the audited financial statements of FS Capital Pte. Ltd. (the "Company") for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

- (a) 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 financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Teo Kelvin
Reynold Irsian Wijaya
Frank Jan Willem Stevenaar (Appointed on 27 Jan 2021)
Chua Cheng Zhan (Alternate Director)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, 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.

FS Capital Pte. Ltd.

Directors' statement

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, accordingly to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director and companies in which interests are held	Direct interest		Deemed interest	
	At the beginning of financial year or at date of appointment	At the end of financial year	At the beginning of financial year or at date of appointment	At the end of financial year
Immediate and ultimate holding company				
Funding Asia Group Pte. Ltd.				
<i>Ordinary shares</i>				
Reynold Irsian Wijaya	2,160,000	2,160,000	–	–
Teo Kelvin	1,821,037	1,821,037	–	–
<i>Preference shares</i>				
Reynold Irsian Wijaya	478,503	478,503	–	–
Teo Kelvin	205,073	205,073	–	–
Related company				
PT Mitrausaha Indonesia Group				
<i>Ordinary shares</i>				
Reynold Irsian Wijaya	–	–	165,199	208,750

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

FS Capital Pte. Ltd.

Directors' statement

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Kelvin Teo

Teo Kelvin
Director



Frank Jan Willem Stevenaar
Director

Singapore
30 June 2021

FS Capital Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 December 2020**

Independent auditor's report to the member of FS Capital Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of FS Capital Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2020, the statement of changes in equity, the statement of comprehensive income and the statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements 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 December 2020 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

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

Other information

Management is responsible for other information. The other information comprises the general information and directors' statement.

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.

FS Capital Pte. Ltd.

Independent auditor's report For the financial year ended 31 December 2020

Independent auditor's report to the member of FS Capital Pte. Ltd.

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.

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.

FS Capital Pte. Ltd.

**Independent auditor's report
For the financial year ended 31 December 2020**

Independent auditor's report to the member of FS Capital Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 June 2021

FS Capital Pte. Ltd.

**Statement of comprehensive income
For the financial year ended 31 December 2020**

	Note	2020 S\$	2019 S\$
Revenue	4	17,343,515	9,484,384
Other income	5	112,999	38,541
Other items of expense			
Interest expense	14	(7,324,771)	(4,642,658)
Staff and related costs	6	(3,247,893)	(3,574,550)
General and administrative expenses	7	(4,831,160)	(3,032,637)
Impairment losses on loans to customers	11	(4,654,628)	(7,102,902)
Loss before tax		(2,601,938)	(8,829,822)
Income tax expense	8	–	–
Loss net of tax, representing total comprehensive income for the year attributable to owner of the Company		(2,601,938)	(8,829,822)

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

FS Capital Pte. Ltd.**Statement of financial position
As at 31 December 2020**

	Note	2020 S\$	2019 S\$
Assets			
Non-current asset			
Loans to customers	11	1,594,439	3,776,547
Plant and equipment	9	–	1,863
Investment in subsidiary	10	64,855	1
		<hr/>	<hr/>
		1,659,294	3,778,411
		<hr/>	<hr/>
Current assets			
Loans to customers	11	76,477,392	62,519,549
Trade and other receivables	12	4,996,788	5,793,132
Cash and cash equivalents	13	3,857,029	2,225,668
Amount due from related parties	16	8,228,947	10,501,290
		<hr/>	<hr/>
		93,560,156	81,039,639
		<hr/>	<hr/>
Total assets		95,219,450	84,818,050
		<hr/> <hr/>	<hr/> <hr/>
Non-current liabilities			
Long-term loans payables	14	–	7,092,007
		<hr/>	<hr/>
		–	7,092,007
		<hr/>	<hr/>
Current liabilities			
Derivative financial instrument	17	308,842	59,302
Short-term loans payables	14	51,872,006	51,239,615
Trade, other payables and accruals	15	283,162	1,454,167
Amount due to related parties	16	29,665,778	17,324,759
		<hr/>	<hr/>
		82,129,788	70,077,843
		<hr/>	<hr/>
Equity attributable to owner of the Company			
Share capital	18	24,147,069	16,103,669
Accumulated losses		(11,057,407)	(8,455,469)
		<hr/>	<hr/>
Total equity		13,089,662	7,648,200
		<hr/> <hr/>	<hr/> <hr/>
Total equity and liabilities		95,219,450	84,818,050
		<hr/> <hr/>	<hr/> <hr/>

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

FS Capital Pte. Ltd.

**Statement of changes in equity
For the financial year ended 31 December 2020**

	Share capital (Note 18) S\$	Accumulated losses S\$	Total equity S\$
At 1 January 2020	16,103,669	(8,455,469)	7,648,200
Total comprehensive income for the year	–	(2,601,938)	(2,601,938)
Issuance of ordinary shares (Note 18)	8,043,400	–	8,043,400
Closing balance at 31 December 2020	24,147,069	(11,057,407)	13,089,662
At 1 January 2019	16,103,669	374,353	16,478,022
Total comprehensive income for the year	–	(8,829,822)	(8,829,822)
Closing balance at 31 December 2019	16,103,669	(8,455,469)	7,648,200

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

FS Capital Pte. Ltd.**Statement of cash flows
For the financial year ended 31 December 2020**

	Note	2020 S\$	2019 S\$
Operating activities			
Loss before tax		(2,601,938)	(8,829,822)
Adjustment for:			
Loss on disposal of plant and equipment		1,863	–
Depreciation expense	9	–	711
Impairment loss on loans to customers	11	4,654,628	7,102,903
Net fair value loss on derivative financial instrument		249,540	59,302
Employee stock option expense	6	158,027	234,647
Unrealised foreign exchange loss		14,203	663,059
Operating cash flows before changes in working capital		2,476,323	(769,200)
<u>Changes in working capital:</u>			
Loans to customers		(16,430,363)	(39,826,110)
Trade and other receivables		796,344	(4,251,464)
Amount due from related parties		2,272,343	(10,441,234)
Amount due to related parties		12,182,992	9,179,403
Trade, other payables and accruals		(1,171,005)	1,411,545
Loan payables		(6,459,616)	46,509,644
Cash flows (used in)/from operating activities		(6,332,982)	1,812,584
Net cash flow (used in)/generated from operating activities		(6,332,982)	1,812,584
Cash flows used in investing activity			
Investment in subsidiary		(64,854)	(1)
Net cash flow used in investing activity		(64,854)	(1)
Cash flows from financing activity			
Proceeds from issuance of shares		8,043,400	–
Net cash flow generated from financing activity		8,043,400	–
Net increase in cash and cash equivalents		1,645,564	1,812,583
Cash and cash equivalents at beginning of year		2,225,668	1,076,144
Effect of exchange rate changes on cash and cash equivalents		(14,203)	(663,059)
Cash and cash equivalents at end of financial year		3,857,029	2,225,668

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

FS Capital Pte. Ltd.

Notes to the financial statements For the financial year ended 31 December 2020

1. Corporate information

FS Capital Pte. Ltd. (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office is 6 Shenton Way #21-08, OUE Downtown Singapore 068809. The Company’s principal place of business is at 112 Robinson Road, #08-01 Singapore 068902.

The principal activities of the Company are other monetary intermediation and money-lending.

The immediate and ultimate holding company during the financial year was Funding Asia Group Pte. Ltd., a company incorporated in Singapore.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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 dollars (“SGD” or “S\$”).

2.2 *Adoption of new and revised standards*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

Notes to the financial statements
For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
Amendment to FRS 116 Leases: Covid-19-Related Rent Concessions	1 April 2021
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts, FRS 116 Leases: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023

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

2.4 Foreign currency

(a) *Functional currency*

Management has determined that the currency of the primary economic environment on which the Company operates i.e. functional currency, to be Singapore dollars (SGD).

(b) *Foreign currency transactions*

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 end of the reporting period. 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.

Notes to the financial statements
For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.5 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers - 4 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of 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 de-recognition of the asset is included in the profit and loss in the year the asset is derecognised.

2.6 *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 when 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 in the year in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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. Summary of significant accounting policies (cont'd)

2.7 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

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

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.

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) 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.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income ("FVOCI") are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

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

2. Summary of significant accounting policies (cont'd)

2.7 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Derecognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at 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.

2. **Summary of significant accounting policies (cont'd)**

2.8 ***Impairment of financial assets***

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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

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

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.

2.9 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (cont'd)

2.10 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.

2.11 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.

(a) *Fee income from loan advances*

Fee income is recognised upon satisfaction of performance obligation, when transactions are successfully processed.

(b) *Interest income from loan advances*

Interest income is recognised using the effective interest method.

2.12 Income taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at end of the reporting period, 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.

2. Summary of significant accounting policies (cont'd)

2.12 Income taxes (cont'd)

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all taxable 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reverse in the foreseeable future.

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 accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probably that the temporary difference will be reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 utilised.

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 at the end of each reporting period.

Notes to the financial statements
For the financial year ended 31 December 2020

2. Summary of significant accounting policies (cont'd)

2.12 Income taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(c) *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and service tax except:

- Where the goods and service tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and service 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 service 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.

2.13 Share capital and share issue expenses

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.

2.13 Employee stock options

Employees of a related company render services to the Company. The related company participates in the stock incentive program of its holding company, Funding Asia Group Pte Ltd.

The related company measures the cost of equity-settled transactions with employees by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the ultimate holding company. The cost of the equity-settled transactions. The cost of equity-settled transactions is recharged from the related company and recognised in the income statement over the period in which the performance and/or service conditions are fulfilled. The cost recharged from the related company is recorded as an inter-company payable. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

3. Significant accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, 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 could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgment made in applying accounting policies

In the process of applying the company's accounting policies, management has made the following judgement which has the most significant effect on the amounts recognised in the financial statements:

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. Management 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.

Provision for expected credit losses of loan receivables

The Company uses a provision matrix to calculate ECLs for loan receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's loans to customers is disclosed in Note 11.

The carrying amount of loan receivables as at 31 December 2020 are S\$78,071,831 (2019: S\$66,296,096).

FS Capital Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 December 2020**

4. Revenue

	2020	2019
	S\$	S\$
Interest income from loan advances	13,386,277	7,617,878
Fee income from loan advances	3,957,238	1,866,506
	<hr/>	<hr/>
	17,343,515	9,484,384
	<hr/>	<hr/>

Included in interest income from loan advances are interest received from holding company and related companies which amounts to S\$475,432 (2019: S\$121,189)

5. Other Income

	2020	2019
	S\$	S\$
Government grants	–	220
Interest income from bank deposits	112,949	28,191
Others	50	10,130
	<hr/>	<hr/>
	112,999	38,541
	<hr/>	<hr/>

6. Staff and related costs

	2020	2019
	S\$	S\$
Salaries and bonuses	2,918,963	3,137,029
Contributions to Central Provident Fund	170,903	189,961
Employee stock option expense	158,027	234,647
Short-term employee benefits	–	12,913
	<hr/>	<hr/>
	3,247,893	3,574,550
	<hr/>	<hr/>

During the year, the Company received an inter-company recharge of employee stock option expense of S\$158,027 (2019: \$234,627) from a related company for the services rendered by their employees for the Company.

FS Capital Pte. Ltd.**Notes to the financial statements
For the financial year ended 31 December 2020****7. General and administrative expenses**

	2020	2019
	S\$	S\$
Intercompany service fee	227,353	304,579
Net fair value loss on derivative financial instrument	249,540	59,302
Foreign currency loss/(gain)	1,210,871	(38,396)
Sales and marketing expense	177,146	750,239
Insurance	–	60,454
Legal and professional fees	56,304	73,745
Service fee paid to related companies for use of their platforms	2,528,274	665,703
Advertising and marketing expenses recharged from related party	–	691,932
Rental expense	–	90,219
External borrower referral fees	172,942	14,631
External investor referral fees	65,630	48,693
Other expenses	143,100	311,536
	<u>4,831,160</u>	<u>3,032,637</u>

8. Income tax expense

	2020	2019
	S\$	S\$
Income tax expense recognised in profit or loss	–	–

Relationship between tax expense and accounting loss

The reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate for the financial years ended 31 December 2020 and 2019 are as follows:

	2020	2019
	S\$	S\$
Loss before tax	(2,601,938)	(8,829,822)
Tax at the applicable tax rate of 17% (2019:17%)	(442,329)	(1,501,070)
<u>Adjustment for:</u>		
Non-taxable income	(77,871)	(193,484)
Non-deductible expenses	57,938	65,496
Deferred tax assets not recognised	462,262	1,629,058
Income tax expense recognised in profit or loss	<u>–</u>	<u>–</u>

At the reporting date, the Company has unabsorbed tax losses of approximately S\$9,864,892 (2019: S\$7,145,699) that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to the uncertainty of its recoverability.

FS Capital Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 December 2020**

9. Plant and equipment

	Computers S\$
Cost	
At 1 January 2019, 31 December 2019 and 1 January 2020	2,847
Disposals	(2,847)
	<hr/>
At 31 December 2020	–
Accumulated depreciation	
At 1 January 2019	273
Depreciation charge for the year	711
	<hr/>
At 31 December 2019 and 1 January 2020	984
Disposals	(984)
	<hr/>
At 31 December 2020	–
	<hr/>
Net carrying amount	
At 31 December 2019	1,863
	<hr/>
At 31 December 2020	–
	<hr/>

10. Investment in subsidiary

	2020 S\$	2019 S\$
Investment, at cost		
At 1 January	1	–
Addition	64,854	1
	<hr/>	<hr/>
At 31 December	64,855	1
	<hr/>	<hr/>

Details of the subsidiary is as follows:

Name of company (Country of incorporation)	Principal activities (Principal place of business)	Cost 2020 US\$	Percentage of equity held by the Company 2020 %	Cost 2019 US\$	Percentage of equity held by the Company 2019 %
FS Capital Sdn Bhd (Malaysia)	Other monetary intermediation and money-lending (Malaysia)	64,855	100	1	100

Notes to the financial statements
For the financial year ended 31 December 2020

11. Loans to customers

	2020	2019
	S\$	S\$
Current loans to customers	78,835,868	66,048,805
Non-current loans to customers	1,605,601	3,776,547
	<hr/>	<hr/>
Loans to customers	80,441,469	69,825,352
Less: Short Term Allowance for expected credit losses/ impairment	(2,358,476)	(3,529,256)
Less: Long Term Allowance for expected credit losses/ impairment	(11,162)	–
	<hr/>	<hr/>
	78,071,831	66,296,096
	<hr/>	<hr/>

Loans to customer amounting to \$2,955,300 (2019: \$3,261,617) are secured by charges on the borrowers' properties.

The Company's loans to customers amounting to \$4,202,717 are pledged as security to a corporate institution that has granted a loan to the holding company, Funding Asia Group Pte Ltd.

The Company's loan to customers amounting to \$6,481,400 is pledged to a lender for a for an interest-bearing current loan granted to the Company.

Loans to customers are unsecured and are based on the following interest rates:

- 1.25% per loan (2019: 1.25%)
- 0.0472% per day (2019: 0.0472%)
- 0.99% to 3% per week (2019: 0.99% to 3%)
- 0.99% to 5% per month (2019: 0.99% to 5%)
- 6.5% to 36% per annum (2019: 6.50% to 24%)

The balances as at 31 December 2020 that are denominated in foreign currencies are disclosed in Note 22c.

Loans to customers that are past due but not impaired

The Company has loans to customers amounting to S\$3,100,999 (2019: S\$3,123,643) that were past due at the reporting date but not impaired. An analysis of their aging at the reporting date was as follows:

	2020	2019
	S\$	S\$
Loans to customers past due but not impaired		
- Lesser than 30 days	2,197,452	1,596,798
- 30 to 60 days	208,921	853,054
- 61 to 90 days	555,678	202,298
- More than 90 days	138,948	471,493
	<hr/>	<hr/>
	3,100,999	3,123,643
	<hr/>	<hr/>

Notes to the financial statements
For the financial year ended 31 December 2020

11. Loans to customers

Loans to customers that were impaired

Expected credit losses

The movement in allowance for expected credit losses of loans to customers computed based on lifetime ECL are as follows:

	2020	2019
	S\$	S\$
Movement in allowance accounts:		
At 1 January	3,529,256	765,375
Allowance made	4,654,628	7,102,902
Write off	(5,814,246)	(4,339,022)
	<hr/>	<hr/>
At 31 December	2,369,638	3,529,256
	<hr/> <hr/>	<hr/> <hr/>

During the year, the Company wrote off loans to customers amounting to S\$5,814,246 (2019: S\$4,339,022) as these debtors were in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

12. Trade and other receivables

	2020	2019
	S\$	S\$
Trade receivables	3,116,891	668,929
Prepayment	31,117	288,812
Other receivables	1,847,014	4,833,553
Sales tax receivable	1,766	1,838
	<hr/>	<hr/>
Total trade and other receivables	4,996,788	5,793,132
Add: Cash and cash equivalents	3,857,029	2,225,668
Add: Loans to customers	78,071,831	66,296,096
Add: Amount due from related parties	8,228,947	10,501,290
Less: Sales tax receivable	(1,766)	(1,838)
Less: Prepayment	(31,117)	(288,812)
	<hr/>	<hr/>
Total financial assets carried at amortised cost	95,121,712	84,525,536
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables relates to the interest earned from borrowers but not yet received as at year-end.

Other receivables are uninvested funds placed in various platforms operated by related companies. These amounts are unsecured and interest-free. Included in other receivables are amounts of S\$1,212,838 (2019: S\$3,114,247) held with escrow agents of the related companies.

The balances as at 31 December 2020 that are denominated in foreign currencies are disclosed in Note 22c.

Notes to the financial statements
For the financial year ended 31 December 2020

13. Cash and cash equivalents

Cash and cash equivalents consist of cash at banks which earns interest at floating rates based on daily bank deposit rates.

The balances as at 31 December 2020 that are denominated in foreign currencies are disclosed in Note 22c.

14. Loans payable

2020	2019	Cash flows	Non-cash changes Accretion of interests	2020
	S\$	S\$	S\$	Total S\$
Payable				
Loans from third parties				
- Employee	1,215,153	(608,466)	71,786	678,473
- Shareholder	8,921,185	(3,087,561)	783,715	6,617,339
- Others	41,103,277	204,952	3,267,965	44,576,194
	51,239,615	(3,491,075)	4,123,466	51,872,006
Loans from related parties				
- Director (Note 16)	4,984,013	(341,622)	551,456	5,193,847
- Director of holding company (Note 16)	1,079,677	(504,306)	85,574	660,945
- Related company (Note 16)	8,689,710	9,250,913	2,564,275	20,504,898
	14,753,400	8,404,985	3,201,305	26,359,690
Total current loans payable	65,993,015	4,913,910	7,324,771	78,231,696
Non-current loans payables				
Loans from third parties				
- Shareholder	92,007	(92,007)	-	-
- Others	7,000,000	(7,000,000)	-	-
	7,092,007	(7,092,007)	-	-
Total non-current loans payable	7,092,007	(7,092,007)	-	-
Total loans payable	73,085,022	(2,178,097)	7,324,771	78,231,696

FS Capital Pte. Ltd.

Notes to the financial statements
For the financial year ended 31 December 2020

14. Loans payable (cont'd)

	2018	Cash flows	Non-cash changes Accretion of interests	2019
2019	S\$	S\$	S\$	Total S\$
Payable				
Loans from third parties				
- Employee	201,179	932,424	81,550	1,215,153
- Shareholder	341,943	7,056,353	1,522,889	8,921,185
- Others	11,278,856	27,998,896	1,825,525	41,103,277
	11,821,978	35,987,673	3,429,964	51,239,615
Loans from related parties				
- Director (Note 16)	5,053,754	(677,465)	607,724	4,984,013
- Director of holding company (Note 16)	–	975,563	104,114	1,079,677
- Related company (Note 16)	–	8,286,705	403,005	8,689,710
	5,053,754	8,584,803	1,114,843	14,753,400
Total current loans payable	16,875,732	44,572,476	4,544,807	65,993,015
Non-current loans payables				
Loans from third parties				
- Shareholder	–	75,156	16,851	92,007
- Others	–	6,919,000	81,000	7,000,000
Total non-current loans payable	–	6,994,156	97,851	7,092,007
Total loans payable	16,875,732	51,566,632	4,642,658	73,085,022

Notes to the financial statements
For the financial year ended 31 December 2020

14. Loans payable (cont'd)

Current loans payable are unsecured and mature in less than twelve months. During the financial year, there are no interest-free loans in the current loans payable (2019: \$500,000). The other loans payable are interest-bearing with interest rates ranging from 3% to 20% (2019: 3% to 14%). Included in the current loan payable is a loan amounting to \$3,000,000 that may be redeemed by giving a written notice of 60 days after 12 months from the issue date. The redemption would be at a price equal to the Principal amount plus accrued but unpaid interest to the date of settlement. The loan has been fully repaid subsequent to year end.

Included in the current loans payables are secured loans of S\$6,481,400, which were secured by way of a pledge over the Company's loans to customers and the corresponding interest receivables as well as a guarantee from the holding company and its subsidiaries. These secured loans are subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The maturity date of these loans is 15 October 2021.

The balances as at 31 December 2020 that are denominated in foreign currencies are disclosed in Note 22c.

15. Trade, other payables and accruals

	2020	2019
	S\$	S\$
Trade payables	11,621	6,287
Accrued expenses	42,502	24,100
Withholding tax payable	114,328	70,884
Payable to escrow agent of related company	–	621,620
Advance from customers	110,778	–
Other payables	3,933	731,276
	<hr/>	<hr/>
Total trade, other payables and accruals	283,162	1,454,167
Less: Withholding tax payable	(114,328)	(70,884)
Add: Loans payable	51,872,006	58,331,622
Add: Derivative financial instrument	308,842	59,302
Add: Amount due to related parties	29,665,778	17,324,759
	<hr/>	<hr/>
Total financial liabilities carried at amortised cost	82,015,460	77,098,966
	<hr/>	<hr/>

Trade and other payables are unsecured, non-interest bearing and short-term in nature.

Notes to the financial statements
For the financial year ended 31 December 2020

16. Amount due from and due to related parties

	2020	2019
	S\$	S\$
Financial assets at amortised cost		
Amount due from holding company	6,436,722	8,852,354
Amount due from subsidiary	1,647,194	1,648,936
Amount due from related companies	145,031	–
	<u>8,228,947</u>	<u>10,501,290</u>
Financial liabilities at amortised cost		
Amount due to related companies	3,306,088	2,571,359
Loan payable to related company (Note 14)	20,504,898	8,689,710
Loan payable to directors (Note 14)	5,193,847	4,984,013
Loan payable to director of holding company (Note 14)	660,945	1,079,677
	<u>29,665,778</u>	<u>17,324,759</u>

Amounts due from holding company are non-trade related, unsecured, bears interest at 8.5% (2019: 2.81%) per annum and are repayable on demand. The interest rate is based on average cost of funds of the Company.

Amounts due from subsidiary and related parties are non-trade related, unsecured, bears interest at 8.5% (2019: NIL) and repayable on demand.

Loan payable to related company is unsecured, bears interest at a rate of 15% to 17% (2019: 15% to 17%) per annum and are repayable on demand.

Loan payable to directors are unsecured, based on interest rates ranging from 14.5% to 20% per annum (2019: 0% to 14%) and matures in less than twelve months.

Loan to directors of holding company is unsecured, bears interest ranging from 9 to 10% per annum (2019: 10%) and repayable upon demand.

FS Capital Pte. Ltd.

**Notes to the financial statements
For the financial year ended 31 December 2020**

17. Derivative financial instrument

The Company uses forward currency contracts to hedge foreign currency risk arising from its loan payable denominated in USD for which firm commitments existed at the end of the reporting period.

	2020		2019	
	Contract notional amount S\$	Liabilities S\$	Contract notional amount S\$	Liabilities S\$
Forward currency contracts	10,564,560	<u>(308,842)</u>	4,034,220	<u>(59,302)</u>

18. Share capital

	2020		2019	
	No. of shares	S\$	No. of shares	S\$
<i>Issued and fully paid ordinary shares:</i>				
At the beginning of year	16,103,669	16,103,669	16,103,669	16,103,669
Issuance of ordinary shares	8,043,400	8,043,400	–	–
At the end of year	<u>24,147,069</u>	<u>24,147,069</u>	<u>16,103,669</u>	<u>16,103,669</u>

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

19. Related party transactions

Other than those transactions disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2020 S\$	2019 S\$
Related parties		
Intercompany service fee	227,353	304,579
Intercompany expenses paid on behalf by related companies	3,247,893	4,639,609
Service fee paid to related companies for use of their platforms (Note 7)	2,528,274	665,703
Interest received from holding company and related companies (Note 4)	(475,432)	(121,189)
Interest paid to related parties (Note 14)	<u>3,201,305</u>	<u>1,114,843</u>

Notes to the financial statements
For the financial year ended 31 December 2020

20. Capital management

The Company's primary objective in capital management is to maintain a strong capital base to maintain investor, creditor and market confidence, and to continue to maintain its future development and growth of the business.

The Company defines "capital" as all components of equity and accumulated losses. 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 shareholder, return capital to shareholders or issue new shares.

21. Fair value of assets and liabilities

The carrying amounts of the following financial assets and liabilities approximate their fair values due to their short-term nature: Trade and other receivables, cash and cash equivalents, amount due from related parties, and trade, other payables and accruals.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the reporting date:

	2020			Total S\$
	Fair value measurements at the reporting date using			
	Quoted prices in active markets for identical instruments (Level 1) S\$	Significant observable inputs other than quoted prices (Level 2) S\$	Significant unobservable Inputs (Level 3) S\$	
Financial liabilities:				
Derivative financial instrument	–	308,842	–	308,842

21. Fair value of assets and liabilities (cont'd)

	2019			Total S\$
	Fair value measurements at the reporting date using			
	Quoted prices in active markets for identical instruments (Level 1) S\$	Significant observable inputs other than quoted prices (Level 2) S\$	Significant unobservable Inputs (Level 3) S\$	
Financial liabilities:				
Derivative financial instrument	–	59,302	–	59,302

Level 2 fair value measurements

The fair value of the forward currency contract is based on the valuation provided by the financial institution that is the counterparty of the transaction. The quote is derived by discounting estimated future cash flows based on the term and maturity of the contract and using market interest rates for a similar instrument at the reporting date.

22. Financial risk management

The Company is exposed to the financial risks from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) **Credit risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. The assets are not secured by any collateral or credit enhancements.

The Company recognises an allowance for expected credit losses (ECLs) for loans to customers. ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

Loans to customers that are impaired at the reporting date is disclosed in Note 11.

Notes to the financial statements
For the financial year ended 31 December 2020

22. Financial risk management (cont'd)

(b) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its liquidity risk and maintains a level of cash and short term deposits deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

2020	One year or less S\$	One to five years S\$	Total S\$
Financial assets:			
Loans to customers	81,603,397	2,676,262	84,279,659
Trade and other receivables	4,963,905	–	4,963,905
Cash and cash equivalents	3,857,029	–	3,857,029
Amount due from related parties	8,228,947	–	8,228,947
	<hr/>		
Total undiscounted financial assets	98,653,278	2,676,262	101,329,540
	<hr/>		
Financial liabilities:			
Derivative financial instrument	308,842	–	308,842
Loans payable	53,194,116	–	53,194,116
Trade, other payables, and accruals	168,834	–	168,834
Amount due to related parties	29,685,091	–	29,685,091
	<hr/>		
Total undiscounted financial liabilities	83,356,883	–	83,356,883
	<hr/>		
Total net undiscounted financial assets/(liabilities)	15,296,395	2,676,262	17,972,657
	<hr/>		

Notes to the financial statements
For the financial year ended 31 December 2020

22. Financial risk management (cont'd)

(b) **Liquidity risk (cont'd)**

2019	One year or less S\$	One to five years S\$	Total S\$
Financial assets:			
Loans to customers	66,032,136	5,149,656	71,181,792
Trade and other receivables	5,502,482	–	5,502,482
Cash and cash equivalents	2,225,668	–	2,225,668
Amount due from related parties	10,501,290	–	10,501,290
Total undiscounted financial assets	84,261,576	5,149,656	89,411,232
Financial liabilities:			
Derivative financial instrument	59,302	–	59,302
Loans payable	53,257,540	8,090,045	61,347,585
Trade, other payables, and accruals	1,383,283	–	1,383,283
Amount due to related parties	17,437,321	–	17,437,321
Total undiscounted financial liabilities	72,137,446	8,090,045	80,227,491
Total net undiscounted financial assets/(liabilities)	12,124,130	(2,940,389)	9,183,741

(c) **Foreign exchange risk**

Foreign currency risk arises on certain transactions that are denominated in currencies other than the functional currency of the entities in the Company. The foreign currencies in which the Company's currency risk arises are mainly Indonesian Rupiah ("IDR"), Malaysian Ringgit ("MYR"), US dollar ("USD"), Thai Baht (THB) and Euro ("EUR").

The Company's overall risk management strategy seek to minimise adverse effects from these financial risks on the Company's financial performance. The Company does not have significant foreign currency risk exposures arising from its operations that are denominated in currencies other than its functional currency.

Notes to the financial statements
For the financial year ended 31 December 2020

22. Financial risk management (cont'd)

(c) **Foreign exchange risk (cont'd)**

The tables below show the Company's exposure to foreign currencies as at 31 December.

2020	IDR S\$	MYR S\$	USD S\$	SGD S\$	EUR S\$	THB S\$	Total S\$
Financial assets							
Amounts due from related parties	–	1,647,193	6,436,722	145,032	–	–	8,228,947
Loans to customers	67,515,924	29,980	3,310,996	6,299,754	–	915,177	78,071,831
Trade receivables	2,038,427	12,852	18,488	1,047,124	–	–	3,116,891
Other receivables	252,350	32,146	(8)	1,562,526	–	–	1,847,014
Cash and cash equivalents	792,846	43,736	478,234	2,534,198	8,015	–	3,857,029
Financial liabilities							
Derivatives financial instruments	–	–	308,842	–	–	–	308,842
Loans payable	4,457,592	214,234	11,875,861	28,799,108	6,525,211	–	51,872,006
Amounts due to related parties	28,909,585	–	660,945	95,248	–	–	29,665,778
Trade and other payables	68,987	–	–	214,175	–	–	283,162
2019							
Financial assets							
Amounts due from related parties	–	1,648,936	8,852,354	–	–	–	10,501,291
Loans to customers	51,705,343	1,186,391	–	13,404,362	–	–	66,296,096
Trade receivables	356,322	37,110	–	275,497	–	–	668,929
Other receivables	3,203,522	364,550	–	1,265,481	–	–	4,833,553
Cash and cash equivalents	820,341	102,783	62,037	1,233,044	7,463	–	2,225,668
Financial liabilities							
Derivative financial instruments	–	–	59,302	–	–	–	59,302
Loans payable	12,587,817	–	15,437,615	24,304,443	6,001,747	–	58,331,622
Amounts due to related parties	14,659,666	542,273	1,075,792	1,047,028	–	–	17,324,759
Trade and other payables	1,102,174	219	56,628	214,914	80,233	–	1,454,168

Notes to the financial statements
For the financial year ended 31 December 2020

22. Financial risk management (cont'd)

(c) Foreign exchange risk (cont'd)

If the IDR, MYR, USD, EUR and SGD changes against the functional currency of the Company by 14%, 3% and 8% respectively with all other variables before tax, the effects arising from the net financial assets/(liabilities) denominated in foreign currencies are as follows:

	Increase/ (decrease) in %	Effect on (loss)/profit before tax S\$
2020		
IDR	+/- 14	5,202,874
MYR	+/- 3	46,550
USD	+/- 8	(208,097)
EUR	+/- 8	(521,376)
2019		
IDR	+/- 2	554,717
MYR	+/- 2	55,946
USD	+/- 3	(231,448)
EUR	+/- 2	(121,490)

23. Subsequent event

On 28 May 2021, there was a capital injection to the Company, amounting to S\$2,667,000 from the holding company, Funding Asia Group Pte Ltd.

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 30 June 2021.