

LORENZO INTERNATIONAL LIMITED

Difference between Audited and Unaudited Financial Statements for 31 Mar 2019

1(a) Statement of profit or loss and other comprehensive income

	Group			
	Audited FY2019	Unaudited FY2019	Difference	Explanation
	\$'000	\$'000	\$'000	
Revenue	29,065	29,150	(85)	Note A
Cost of sales	(15,496)	(15,695)	199	Note B
Gross Profit	13,569	13,455	114	
Other operating income	4,162	2,672	1,490	Note C
Administrative expenses	(14,258)	(13,939)	(319)	Note D
Distribution and marketing costs	(3,041)	(2,993)	(48)	Note E
Other operating expenses	(4,572)	(776)	(3,796)	Note F
Finance costs	(1,294)	(1,309)	15	Note G
Loss before tax	(5,434)	(2,890)	(2,544)	
Taxation	(393)	(343)	(50)	Note H
Loss after tax	(5,827)	(3,233)	(2,594)	

Other comprehensive income:

Transfer of Statutory Common Reserve of disposed subsidiary company	0	0	0	
Foreign currency translation differences - foreign operations, at nil tax	46	39	7	Note I

Other comprehensive loss for the year, net of tax

46 39 7

Total comprehensive loss for the year attributable to owners of the Company

(5,781) (3,194) (2,587)

1(b) Statement of Financial Position

	Group			
	Audited FY2019	Unaudited FY2019	Difference	Explanation
	\$'000	\$'000	\$'000	
ASSETS:				
Non-Current Assets				
Land use rights	869	869	-	
Property, plant and equipment	4,466	5,117	(651)	Note J
Investment property	8,113	7,952	161	Note K
Other receivables	-	121	(121)	Note L
Deferred tax assets	14	14	-	
	13,462	14,073	(611)	
Current Assets:				
Land use rights	24	24	-	
Inventories, at cost	8,507	8,389	118	Note M
Trade receivables	1,544	4,128	(2,584)	Note N
Other receivables	2,567	2,125	442	Note O
Fixed deposits with banks	49	49	-	
Cash and cash equivalents	875	851	24	Note P
	13,566	15,566	(2,000)	
Total assets	27,028	29,639	(2,611)	
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	39,949	39,949	-	
Reserves	(47,279)	(44,693)	(2,586)	Note Q

	(7,330)	(4,744)	(2,586)	
Non-current liabilities				
Borrowings	27	274	(247)	Note R
Contract liabilities	469	-	469	Note S
Deferred tax	96	165	(69)	Note T
Deferred income	-	502	(502)	Note S
	592	941	(349)	
Current Liabilities				
Trade payables	2,810	3,257	(447)	Note U
Other payables	7,974	9,677	(1,703)	Note V
Contract liabilities	3,909	-	3,909	Note W
Deferred income	-	1,326	(1,326)	Note W
Amount due to directors	72	-	72	Note X
Provision for taxation	77	204	(127)	Note Y
Borrowings	18,924	18,978	(54)	Note R
	33,766	33,442	324	
Total equity and liabilities	27,028	29,639	(2,611)	

	Company			Explanation
	Audited FY2019 \$'000	Unaudited FY2019 \$'000	Difference \$'000	
ASSETS:				
Non-Current Assets				
Property, plant and equipment	16	16	-	
Investment in subsidiaries	-	-	-	
	16	16	-	
Current Assets:				
Trade receivables	-	-	-	
Other receivables	38	38	-	
Amount due from subsidiaries	1,058	1,667	(609)	Note Z
Cash and cash equivalents	5	5	-	
	1,101	1,710	(609)	
Total assets	1,117	1,726	(609)	
EQUITY AND LIABILITIES:				
Capital and Reserve				
Share capital	39,949	39,949	-	
Reserves	(42,097)	(42,300)	203	Note AA
	(2,148)	(2,351)	203	
Non-current liabilities				
Borrowings	-	-	-	
Deferred tax	-	-	-	
Deferred income	-	-	-	
	-	-	-	
Current Liabilities				
Trade payables	-	-	-	
Other payables	1,997	2,272	(275)	Note AB
Amount due to subsidiaries	1,197	1,805	(608)	Note Z
Amount due to directors	72	-	72	Note X
Borrowings	-	-	-	
	3,266	4,077	(811)	
Total equity and liabilities	1,118	1,726	(608)	

Note

A	Difference arose from overstatement of revenue amounting to S\$194,000 in Malaysia's business unit offset by understatement of revenue of S\$109,000 in Building Materials business unit in unaudited financial statements.
---	---

B	Overaccrual of cost of sales in both the Furniture and Building Material segments amounting to S\$175,000 and S\$24,000 respectively in unaudited financial statements.
C	<ul style="list-style-type: none"> (i) Underaccrual of rental income of S\$276,000 and gain in foreign exchange amounting to S\$162,000 in unaudited financial statements. (ii) Audit adjustment for waiver of loan from director of Brezza Living amounting to S\$374,000. (iii) Miscellaneous income understated by S\$678,000 in the unaudited financial statements.
D	<ul style="list-style-type: none"> (i) Reclassification of S\$45,000 from Administrative Expenses to Distribution expenses in audited financial statements. (ii) Under accrual of Administrative expenses amounting to S\$364,000 in the unaudited financial statements.
E	Reclassification of S\$45,000 from Administrative expenses in audited financial statements and under accrual of S\$3,000 in unaudited financial statements.
F	<ul style="list-style-type: none"> (i) Understatement of depreciation charges amounting to S\$482,000 in unaudited financial statements. (ii) Additional allowance for doubtful receivables amounting to s\$1.86 million provided for in the audited financial statements. (iii) Allowance for impairment of property, plant & equipment amounting to S\$518,000 in the audited financial statements. (iv) Additional recognition of loss in foreign exchange of S\$848,000 in the audited financial statements. (v) Overstatement of allowance of stock obsolesces written back of S\$88,000 in the unaudited financial statements. (vi) Under accrual of miscellaneous expenses by S\$176,000 in the unaudited financial statements.
G	Over accrual of finance costs in the unaudited financial statements.
H	Under provision of taxation of S\$119,000 offset against under recognition of deferred tax written back amounting to S\$69,000 in the unaudited financial statements.
I	Understatement of foreign currency translation differences of S\$7,000 in the unaudited financial statements.
J	<ul style="list-style-type: none"> (i) Transfer of S\$161,000 from Property, plant & equipment to Investment properties in the audited financial statements. (ii) Further allowance for impairment of Property, plant & equipment amounting to S\$490,000 in the audited financial statements.
K	Please see explanation in Note J (i) above.
L	Reclassification from Non-current assets to Current assets under other receivables in the audited financial statements.
M	Difference arose from overstatement of allowance for stock obsolescence written back amounting to S\$88,000 and over accrual of cost of sales in the unaudited financial statements.
N	<ul style="list-style-type: none"> (i) Additional allowance for doubtful receivables amounting to S\$1.86 million provided for in the audited financial statements. (ii) Reclassification from Other Receivables amounting to S\$24,000 in the audited financial statements. (iii) Reclassification to Trade payables and Other payables amounting to S\$156,000 and S\$544,000 respectively.
O	<ul style="list-style-type: none"> (i) Reclassification of S\$121,000 from Non-current assets to Current assets under other receivables in the audited financial statements. (ii) Reclassification from Other payables amounting to S\$455,000 in the audited financial statements. (iii) Reclassification to Trade payables amounting to S\$772,000 in the audited financial statements. (iv) Tax recoverable overstated by S\$42,000 in the unaudited financial statements. (v) Reclassification to Trade Receivables amounting to S\$24,000 in the audited financial statements. (vi) Understatement of Other receivables of S\$705,000 in the unaudited financial statements.
P	Difference due to reclassification from short term borrowings to cash and cash equivalents in the audited financial statements.
Q	Please see explanation from Note A to I above.
R	<ul style="list-style-type: none"> (i) Reclassification of S\$247,000 to short term borrowings from long term borrowings in the audited financial statements. (ii) Reclassification of S\$472,000 from short term borrowings to other payables in the audited financial statements. (iii) Understatement of short term borrowings amounting to S\$171,000 in the unaudited financial statements
S	<ul style="list-style-type: none"> (i) Reclassification of S\$469,000 from long term deferred income to contract liabilities in audited financial statements. (ii) Overstatement of deferred income amounting to S\$33,000 in unaudited financial statements.
T	Difference arose from deferred tax written back not taken up in the unaudited financial statements.
U	<ul style="list-style-type: none"> (i) Reclassification of S\$156,000 from Trade Receivables in the audited financial statements. (ii) Reclassification of S\$176,000 to inter-company balances in the audited financial statements. (iii) Reclassification of S\$135,000 from Other payables in the audited financial statements. (iv) Overstatement of Trade Payables amounting to S\$78,000 in the unaudited financial statements. (v) Reclassification of S\$64,000 to gain in foreign exchange difference in the audited financial statement. (vi) Reclassification of S\$772,000 from Other receivables in the audited financial statements.
V	<ul style="list-style-type: none"> (i) Reclassification from Trade Receivables and Other Receivables amounting to S\$544,000 and S\$455,000 respectively in the audited financial statements.

	(ii) Reclassification from short term borrowings amounting to S\$472,000 in the audited financial statements.
	(iii) Reclassification to Trade Payables and Contract liabilities amounting to S\$135,000 and S\$2,583,000 respectively in the audited financial statements.
	(iv) Reclassification to Amount due to Directors amounting to S\$67,000 in the audited financial statements. Amount due to directors of S\$5,000 was classified under Other payables in the unaudited financial statements.
	(v) Overstatement of Other Payables amounting to S\$389,000 in the unaudited financial statements.
W	(i) Reclassification from Other Payables to Contract liabilities amounting to S\$2,583,000 in the audited financial statements. See note V (iii) above.
	(ii) Reclassification from Deferred Income to Contract liabilities of S\$1,326,000 in the audited financial statements.
X	Please see explanation in Note V (iv) above
Y	Difference arose from overstatement of provision for taxation in the unaudited financial statements.
Z	Difference arose from reclassification of amount from due from subsidiaries to due to subsidiaries of S\$609,000 in the audited financial statements.
AA	Difference arose from overstatement of Other payable amounting to S\$203,000 in the unaudited financial statements.
AB	Please see explanation in V (iv) and AA above.