EXPLEO SOLUTIONS PTE. LTD.

(Formerly Known As SQS BFSI Pte. Ltd.)

(Company Registration No. 200107523G)

Financial Statements for the Year Ended

31st March 2019

Expleo Solutions Pte. Ltd.

(Formerly Known As SQS BFSI Pte. Ltd.)
(Incorporated in the Republic of Singapore)

Directors

Balaji Viswanathan	(Appointed on 01.09.2018)
Wolfgang Hubert Moll	(Appointed on 01.09.2018)
N Sriram	
Aarti Arvind	(Resigned on 01.09.2018)

Secretary
Raja Muhammad Shah Bin Abdullah

Registered Office
1 North Bridge Road
#19-04 High Street Centre
Singapore 179094

Auditors
Natarajan & Swaminathan
Chartered Accountants of Singapore
1 North Bridge Road
#19-04/05 High Street Centre
Singapore 179094

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Directors' Statement

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2019.

1 Directors

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

Balaji Viswanathan
N Sriram
Wolfgang Hubert Moll

2 Arrangements to enable directors to acquire shares and debentures

Neither during nor at the end of 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 through the acquisition of shares in, or debentures of the Company or any other body corporate.

3 Directors' interest in shares and debentures

The directors holding office at the end of the financial year had no interests in shares, debentures, warrants or share options of the Company as recorded in the Register of Directors' Shareholding kept by the Company under Section 164 of the Singapore Companies Act.

4 Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Directors' Statement

5 Auditors

The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.

6 Directors' opinion

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 March 31, 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; 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.

On behalf of the board of directors

Balaji Viswanathan

N Sriram

Date: April 30, 2019

NATARAJAN & SWAMINATHAN
CHARTERED ACCOUNTANTS OF SINGAPORE

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF EXPLEO SOLUTIONS PTE. LTD.
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EXPLEO SOLUTIONS PTE. LTD. (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the 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 (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). 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 the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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 identified above 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.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF EXPLEO SOLUTIONS PTE. LTD.
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019
(Incorporated in the Republic of Singapore)

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 FRS, 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.

Auditors' 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 SSA 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 SSA, 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.

Auditors' Responsibilities for the Audit of the Financial Statements *(Cont'd)*

- 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 auditors' 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 auditors' 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.

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: April 30, 2019

Statement of Financial Position

As at March 31, 2019

	Note	2019	2018
		S$	S$
Assets			
Non-current assets			
Plant and equipment	3	397	810
Total non-current assets		397	810
Current assets			
Trade receivables	4	1,721,676	1,601,320
Other receivables	5	16,725	16,765
Prepayment		6,274	6,696
Contract asset	6	372,450	-
Cash at bank		357,211	411,999
Total current assets		2,474,336	2,036,780
Total assets		2,474,733	2,037,590
Equity and liabilities			
Equity			
Share capital	7	100,000	100,000
Accumulated profits		1,664,702	1,424,727
Total equity		1,764,702	1,524,727
Current liabilities			
Trade payables and accruals	8	304,567	358,341
Other payables	9	350,341	109,821
Provision for incentive and other expenses	10	24,245	28,901
Income tax payable		30,878	15,800
Total current liabilities		710,031	512,863
Total liabilities		710,031	512,863
Total equity and liabilities		2,474,733	2,037,590

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

Statement of Comprehensive Income

For The Financial Year Ended March 31, 2019

	Note	2019	2018
		S$	S$
Revenue	11	2,714,818	2,005,811
Other income	12	3,074	163
Salaries and employee benefits	13	(1,493,589)	(1,248,376)
Depreciation of plant and equipment	3	(413)	(413)
Other operating expenses		(956,215)	(566,974)
Profit before income tax	14	267,675	190,211
Income tax expense	15	(27,700)	(12,677)
Profit after income tax		239,975	177,534
Other comprehensive income		-	-
Total comprehensive income for the year		239,975	177,534

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

Statement of Changes in Equity

For The Financial Year Ended March 31, 2019

	Share capital	Accumulated profits	Total
	S$	S$	S$
Balance as at 01.04.2017	100,000	1,247,193	1,347,193
Total comprehensive income for the year	-	177,534	177,534
Balance as at 31.03.2018	100,000	1,424,727	1,524,727
Total comprehensive income for the year	-	239,975	239,975
Balance as at 31.03.2019	100,000	1,664,702	1,764,702

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

Statement of Cash Flows

For The Financial Year Ended March 31, 2019

	2019	2018
	S$	S$
Cash flows from operating activities		
Profit before income tax	267,675	190,211
Adjustments for:		
Depreciation of plant and equipment	413	413
Provision	84,543	57,184
Operating profit before working capital changes	352,631	247,808
Trade receivables	(120,356)	(428,152)
Other receivables and prepayment	462	(16,284)
Contract asset	(372,450)	-
Trade payables and accruals	(53,774)	23,033
Other payables	222,002	(9,178)
Provision paid	(89,199)	(47,389)
Cash used in operations	(60,684)	(230,162)
Income tax paid	(12,622)	(10,977)
Net cash used in operating activities	(73,306)	(241,139)
Cash flow from financing activities		
Other payables - holding company	18,518	(31,018)
Net cash used in financing activities	18,518	(31,018)
Net decrease in cash and cash equivalents	(54,788)	(272,157)
Cash and cash equivalents brought forward	411,999	684,156
Cash and cash equivalents carried forward	357,211	411,999
Cash and cash equivalents comprise:-		
Cash at bank	357,211	411,999
	357,211	411,999

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

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

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

1 Corporate information

The Company (Registration No. 200107523G) is a private limited Company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1, North Bridge Road, #19-04 High Street Centre, Singapore 179094.

The principal activities of the Company are to provide software testing and related consulting services and placement of software professionals.

There have been no significant changes in the nature of these activities during the financial year.

Holding company

The Company is a wholly owned subsidiary of "Expleo Solutions Limited (formerly known as SQS India BFSI Limited)", a limited company incorporated in India. The ultimate holding company is 'SQS Software Quality Systems AG', a company incorporated in Germany.

2 Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") as required by the Singapore Companies Act, Chapter 50. The financial statements are expressed in Singapore Dollar (S$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer to Note 2(b) to the financial statements).

The Company adopted the new or revised FRS that is mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS 40	(Amendments)	:	Transfers of Investment Property
FRS 102	(Amendments)	:	Classification and Measurement of Share-based Payment Transactions

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

a) Basis of preparation *(Cont'd)*

FRS 109		:	Financial Instruments
FRS 115	(Amendments)	:	Revenue from Contracts with Customers
Improvements to FRSs			
FRS 101	Amendments)	:	First-time Adoption of Financial Reporting Standards

Adoption of new and amended standards and interpretations

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018 and there is no material effect or adjustments that arises from the adoption of FRS 115. Consequently no comparative for the 2018 financial year have been impacted or restated.

FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied FRS 109 retrospectively, with an initial application date of 1 April 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39.

The adoption of these does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

a) Basis of preparation *(Cont'd)*

The nature of the adjustments are described below:

(i) Classification and measurement

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Company. The Company continued measuring at fair value all financial assets previously held at fair value under FRS 39. The following are the changes in the classification and measurement of the Company's financial assets:

- Trade and other receivables classified as loans and receivables as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 April 2018.

  There is no effect as a result of the change in classification.

The Company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon the adoption of FRS 109, the Company had the following required or elected reclassifications as at 1 April 2018:

	FRS 109 measurement category
	Amortised cost
FRS 39 measurement category	S$
Loans and receivables	
Trade receivables	1,601,320
Other receivables *(excluding withholding tax)*	8,829
	1,610,149

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

a) Basis of preparation *(Cont'd)*

(ii) Impairment

The adoption of FRS 109 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debt instruments not held at FVPL.

Upon adoption of FRS 109, the Company has assessed there is no material expected credit losses that needs to be provided for.

b) Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements (other than those involving estimates) that have 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 statement of financial position date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for expected credit losses of trade receivables

The Company assesses the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, any probable receivables in dispute and past history of bad debts. Accordingly the Company measured the impairment loss allowance using lifetime ECL and determined that the ECL is insignificant.

The assessment of the estimated 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.

c) Foreign currency transactions

(i) Functional currency

The functional currency of the Company is Singapore Dollar, being the currency of the primary economic environment in which it operates.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at the statement of financial position date.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

c) Foreign currency transactions *(Cont'd)*

(ii) Transactions and balances (Cont'd)

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated assets and liabilities are recognised in the profit or loss.

Currency translation differences on non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 determined. The gain or loss arising on translation of non-monetary items are measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss. When assets are sold or retired, their cost and accumulated depreciation and impairment loss are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

e) Depreciation of plant and equipment

Depreciation is calculated on a straight-line method to write off the cost of the plant and equipment over their estimated useful lives at the following:

Computer & peripherals	-	33.33%

f) Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

f) Impairment of non-financial assets

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

Financial instruments comprise financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially 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 FVPL are expensed in profit or loss.

Trade receivables do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined per the Company's revenue recognition policy.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

g) Financial instruments *(Cont'd)*

(i) Financial assets *(Cont'd)*

Initial recognition and measurement (Cont'd)

Financial assets that are classified and measured at amortised cost or fair value through OCI, are financial assets that give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("FVOCI")
- Financial assets elected at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company's relevant financial assets category are financial assets at amortised cost.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:-

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired. For short-term receivables the nominal cost approximates the fair value.

The Company's financial assets at amortised cost includes trade and other receivables.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

g) Financial instruments *(Cont'd)*

(i) Financial assets *(Cont'd)*

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has entered into a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL.

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).

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

g) Financial instruments *(Cont'd)*

(i) Financial assets *(Cont'd)*

Impairment of financial assets (Cont'd)

For trade receivables, 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 which could affect debtors' ability to pay.

The Company makes judgmental assessment for financial asset in default when contractual payments are past due.

The Company considers 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.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For short term payables the nominal costs approximate the fair value.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification.
After initial recognition, financial liabilities that are not carried at FVPL 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 as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

g) Financial instruments *(Cont'd)*

These accounting policies are applied before the initial application date of FRS 109, 1 April 2018:

Financial instruments comprise financial assets and liabilities and they are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Financial assets are classified as one of the financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

Recognition

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets at the time of initial recognition, and where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

As of year end the Company has the following classes of financial assets:-

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as "trade and other receivables" and "cash and bank balances" on the statement of financial position. They are presented as current assets, except for that with maturity later than 12 months after the financial position date which are presented as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. For short term receivables the nominal cost would approximate the fair value.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

g) Financial instruments *(Cont'd)*

Impairment

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if any, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through income statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

g) Financial instruments *(Cont'd)*

Financial liabilities

Financial liabilities include trade payables on normal trade terms, other payables and interest-bearing loans and borrowings.

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis. For short term payables the cost approximates the fair value.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for finance costs.

Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expire.

h) Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank.

j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date 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. Where 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.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

k) Revenue recognition

These accounting policies are applied on and after the initial application date of FRS 115, 1 April 2018:

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 and based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers, if any.

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.

The Company provides software testing and related consulting services and placement of software professionals. Revenue from software testing service is recognised as and when services are rendered over the time period, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from placement of software professions for software testing are recognised on monthly basis in accordance with the rates and terms of the contracts with customers. Services rendered to the holding company are billed at cost plus margin as per Transfer Pricing Agreement.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price. The Company does not provide any volume discount nor are there any rights to return, i.e., Company's transactions price does not involve any variable consideration.

These accounting policies are applied before the initial application date of FRS 115, 1 April 2018:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts and sales returns, if any. Revenues are recognised on the following basis:

Income from software projects

Revenue is recognised on the completion of the services for software projects undertaken by the Company and software fees are collected progressively as per the terms accepted with the customers. Services rendered to the holding company are billed at cost plus margin as per Transfer Pricing Agreement.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

l) Other income

The following income are recognised on the following basis:

Government grant

Grants received are recognised on receipt basis.

m) Employee benefits

Retirement benefit costs

As required by law, the Company makes contributions to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore. CPF contributions are recognised as expense in the same year to which the contribution relates.

Employee entitlements to annual leave are recognised when they accrue to the employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by the employees up to the financial position date.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Key management personnel

Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the Company are considered key management personnel.

n) Operating lease

Leases of plant and equipment where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals and other lease payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

o) Goods and services tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

p) Income tax

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

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

2 Significant accounting policies *(Cont'd)*

p) Income tax *(Cont'd)*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using statutory tax rate at the statement of financial position date.

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

Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date 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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset, realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt, within equity.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

3 Plant and equipment

2019	Computer & peripherals
	S$
Cost	
At April 1, 2018	1,239
At March 31, 2019	1,239
Depreciation	
At April 1, 2018	429
Charge for the year	413
At March 31, 2019	842
Net book value	
At March 31, 2019	397

3 Plant and equipment *(Cont'd)*

2018	Computer & peripherals
	S$
Cost	
At April 1, 2017	1,638
Disposals	(399)
At March 31, 2018	1,239
Depreciation	
At April 1, 2017	415
Charge for the year	413
Disposals	(399)
At March 31, 2018	429
Net book value	
At March 31, 2018	810

4 Trade receivables

	2019	2018
	S$	S$
Outside parties	1,185,346	750,698
Holding company (*)	536,330	850,622
	1,721,676	1,601,320

The Company does not give a fixed credit term. No interest is charged on the trade receivables.

(*) In prior year, an amount receivable of S$150,777 (2019:S$192,749) from a branch of the holding company was shown as due from related company. Amount is reclassified to holding company receivable for comparative purposes. The repayment is guaranteed by the holding company.

The table below is an analysis of trade receivables ageing as at March 31 (on 30 days credit basis):

	2019	2018
	S$	S$
Not past due	731,278	976,062
Past due 1 to 30 days	634,000	285,139
Past due more than 30 days	356,398	340,119
	1,721,676	1,601,320

The Company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable. The management does not foresee any significant credit risk with the receivables as customers are reputable and creditworthy. Trade receivables deemed with credit risk, if any, will relate to disputed amount or any probable financial difficulties faced by customer in fulfilling their payment. These receivables were not secured by any collateral or credit enhancement.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

4 Trade receivables *(Cont'd)*

The trade receivables that are not denominated in Singapore Dollar are as follows:-

	2019	2018
	S$	S$
United States Dollar	817,248	348,400

5 Other receivables

	2019	2018
	S$	S$
Holding company	858	-
Salary and other advances	8,467	429
Deposit	7,400	8,400
Withholding tax	-	7,936
	16,725	16,765

The amounts due from holding company is unsecured, interest free and repayable on demand.

6 Contract asset

	2019	2018
	S$	S$
Unbilled revenue	372,450	-

7 Share capital

	2019 No. of shares issued	2019 S$	2018 No. of shares issued	2018 S$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	100,000	100,000	100,000	100,000

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

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

8 Trade payables and accruals

	2019	2018
	S$	S$
Trade payables:		
- Outside parties	-	12,768
- Holding company	213,436	213,436
GST payable	23,652	33,568
Accrued expenses	67,479	98,569
	304,567	358,341

9 Other payables

	2019	2018
	S$	S$
Sundry payables	9,764	1,200
Holding company	53,408	34,890
Staff advance	-	200
Salaries withheld	58,741	73,531
Withholding tax	228,428	-
	350,341	109,821

The amounts due to holding company is unsecured, interest free and repayable on demand.

10 Provision for incentive and other expenses

	2019	2018
	S$	S$
Provision for incentive and other expenses:		
- At beginning of year	28,901	19,106
- Charge for the year	84,543	57,184
- Paid during the year	(89,199)	(47,389)
- At end of year	24,245	28,901

11 Revenue

	2019	2018
	S$	S$
Service income	2,714,818	2,005,811
Timing of revenue recognition:		
Over time	2,714,818	2,005,811

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

12 Other income

	2019	2018
	S$	S$
Government grant	330	-
Miscellaneous income	2,744	163
	3,074	163

13 Salaries and employee benefits

Salaries and employee benefits for the financial years ended March 31:

	2019	2018
	S$	S$
Salaries, bonus and allowances	1,451,252	1,227,415
CPF contribution (defined)	40,558	18,950
Skill development levy	1,779	2,011
	1,493,589	1,248,376

Compensation of directors and key management personnel

The key management personnel comprises directors who do not receive any short-term employee benefits during the financial year.

14 Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the income statement, this item includes the following charges/(credits):

	2019	2018
	S$	S$
Foreign exchange loss	23,757	22,663
Operating lease - rent	15,400	15,600
Professional charges	476,455	423,326
Withholding tax	326,500	-

15 Income tax expense

	2019	2018
	S$	S$
Current year	27,700	15,800
Prior year over provision	-	(3,123)
	27,700	12,677

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

15 Income tax expense *(Cont'd)*

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to the profit before income tax as a result of the following differences:

	2019	2018
	S$	S$
Profit before income tax	267,675	190,211
Tax expense at the rate of 17%	45,505	32,336
Non-taxable income	(467)	-
Statutory stepped income exemption	(17,425)	(16,628)
Corporate tax rebate	-	(3,156)
Deferred tax arising in the year not recognised	70	70
Prior year over provision	-	(3,123)
Rounding amount	17	3,178
Income tax expense for the financial year	27,700	12,677

Deferred tax liability of about S$70 (2018:S$140) arising from differences in depreciation as of end of the financial year is not recognised as the amount is not significant.

16 Holding company and related company transactions

Some of the Company's transactions and arrangement are with holding company and related company and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with these parties are unsecured, interest free, repayable on demand and are in the ordinary course of business, unless otherwise stated.

During the financial year, the Company had the following transactions:

	2019	2018
	S$	S$
Holding company:		
Income from software projects (*)	2,752,803	2,164,523
Income billed on behalf of holding company (#)	4,231,998	3,365,904
Payment on behalf by holding company	9,850	31,018
Payment on behalf of holding company	7,810	-

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

16 Holding company and related company transactions *(Cont'd)*

(*) In 2018, transactions with a branch of the holding company of S$158,713 (2019: S$37,983) was disclosed as transaction with related company. The amount is reclassed to transaction with holding company in the current year.

(#) This income represent income billed on behalf of the holding company. Due to certain customers' requirement the Company raises bills on behalf of the holding company to the customers directly. These billings by the Company are fully charged by a similar quantum of billing by the holding company to the Company, and consequently both amounts are netted off in the accounts.

The holding company undertakes full responsibility for the project execution, provides operational and management direction, technical literatures and training for the implementation of projects. Holding company enters into contract with the customer including the Company as party to the contract for billing purposes.

17 Commitments

Operating lease commitments - as lessee

The Company leases premises for office space under non-cancellable operating lease agreements.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2019	2018
	S$	S$
Rental expense:		
Within 1 year	-	15,600

18 Financial instruments, financial and capital risk management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the statement of financial position date:

	2019	2018
	US$	US$
Financial assets		
Amortised cost:		
- Trade receivables	1,721,676	1,601,320
- Other receivables	16,725	8,829
Cash and bank balances	357,211	411,999
Total financial assets	2,095,612	2,022,148

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

18 Financial instruments, financial and capital risk management *(Cont'd)*

(a) Categories of financial instruments *(Cont'd)*

	2019	2018
	US$	US$
Financial liabilities		
Amortised cost:		
- Trade payables and accruals *(excluding GST)*	280,915	324,773
- Other payables	121,913	109,821
Total financial liabilities	402,828	434,594

(b) Fair value measurements

Fair value hierarchy

The assets and liabilities measured at fair value are classified by the following level of fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There are no financial assets measured at fair value.

Assets and liabilities not measured at fair value

(i) *Trade receivables and trade payables*

The carrying amounts of these receivables and payables (including trade balances due from/to holding company) approximate their fair values as they are subject to normal trade credit terms.

(ii) *Other receivables, cash at bank and other payables*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

(c) Financial risk management

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

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

18 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company has no significant liquidity risk as it maintains a level of cash and cash equivalents that is sufficient for working capital purpose.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

		Cash flows		
	Carrying amount	Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S$	S$	S$	S$
2019				
Financial assets				
Trade receivables	1,721,676	1,721,676	1,721,676	-
Other receivables	16,725	16,725	16,725	-
Cash at bank	357,211	357,211	357,211	-
Total undiscounted financial assets	2,095,612	2,095,612	2,095,612	-
Financial liabilities				
Trade payables and accruals	(280,915)	(280,915)	(280,915)	-
Other payables	(121,913)	(121,913)	(121,913)	-
Total undiscounted financial liabilities	(402,828)	(402,828)	(402,828)	-
Total net undiscounted financial assets	1,692,784	1,692,784	1,692,784	-
2018				
Financial assets				
Trade receivables	1,601,320	1,601,320	1,601,320	-
Other receivables	8,829	8,829	8,829	-
Cash at bank	411,999	411,999	411,999	-
Total undiscounted financial assets	2,022,148	2,022,148	2,022,148	-
Financial liabilities				
Trade payables and accruals	(324,773)	(324,773)	(324,773)	-
Other payables	(109,821)	(109,821)	(109,821)	-
Total undiscounted financial liabilities	(434,594)	(434,594)	(434,594)	-
Total net undiscounted financial assets	1,587,554	1,587,554	1,587,554	-

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

18 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash at bank), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days past the credit due dates, disputes on the invoiced amount or there is significant difficulty of the counterparty.

Cash at banks are placed with credit worthy financial institutions.

Trade and other receivables

The Company has no financial assets exposed to credit loss other than trade receivables.

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, any probable receivables in dispute, past history of bad debts and concluded that there has been no significant increase in the credit risk since the initial recognition of financial assets. Accordingly the Company measured the impairment loss allowance using lifetime ECL and determined that the ECL is insignificant.

As at statement of financial position date, the Company has a significant concentration of credit risk in relation to certain external receivables. The trade receivables as of year end comprise of a customer's (2018:a customer's) balance that comprise 69% (2018:46%) of the trade receivable balance. The management however does not foresee any risk of default by the parties as they are creditworthy customers. Further details of credit risks on trade receivables are disclosed in Note 4 to the financial statements.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

18 Financial instruments, financial and capital risk management *(Cont'd)*

(c) Financial risk management *(Cont'd)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant exposure to market risk for changes in interest rates because it has no interest bearing borrowings from any external sources.

Foreign currency risk

The Company has no significant exposure to foreign currency risk as its transactions are mainly in Singapore Dollar. However it does have transactions in United States Dollar.

As at financial year end, the carrying value of monetary assets and liabilities denominated in currencies other than in Singapore Dollar are disclosed in the respective notes to the financial statements.

Foreign currency sensitivity analysis

Any increase or decrease in the following foreign currencies against the United States Dollar will have an impact on the financial statements. Increase in the rate of the foreign currencies by 10% against Singapore Dollar will increase/(decrease) the profit before tax by the following amount:

	2019	2018
	S$	S$
United States Dollar	81,700	34,800

A corresponding decrease in the rate of foreign currency will have a vice versa effect on the profit before tax by the same amount.

The effect of fluctuation in the other foreign currencies will have no or very minimal impact on the results of the Company.

Price risk

The Company has no significant exposure to price risk.

(d) Capital risk management

The management considers the capital of the Company to mainly consist of shareholders equity.

The management manages the capital to ensure the Company will be able to continue as a going concern while maximising the return to shareholders through optimisation of the capital.

The management's overall strategy remains unchanged from 2018.

Notes To The Financial Statements For The Financial Year Ended March 31, 2019

19 New accounting standards and FRS interpretations

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Company were issued and not effective:

				Effective from annual periods beginning on or after
FRS 28	(Amendments)	:	Long-term Interests in Associates and Joint Ventures	January 1, 2019
FRS 109	(Amendments)	:	Prepayment Features with Negative Compensation	January 1, 2019
FRS 116		:	Leases	January 1, 2019
Improvements to FRSs				
Annual Improvements to FRS (March 2018)				January 1, 2019
FRS 12	(Amendments)	:	Income Taxes	January 1, 2019
FRS 23	(Amendments)	:	Borrowing Costs	January 1, 2019
FRS 103	(Amendments)	:	Business Combinations	January 1, 2019
FRS 111	(Amendments)	:	Joint Arrangements	January 1, 2019
FRS 123		:	Uncertainty Over Income Tax Treatments	January 1, 2019

The management anticipates that the adoption of the above FRS and INT FRS does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements of the Company.

20 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on April 30, 2019.