HCL SINGAPORE PTE. LTD.
Registration number: 198000284M

ANNUAL REPORT
Year ended 31 MARCH 2021

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

CORPORATE INFORMATION

(at date of this report)

Shareholders	:	HCL Bermuda Limited HCL Technologies Limited
Directors	:	Sundaram Sridharan Ramanathan Srinivasan Subramanian Gopalakrishnan
Secretary	:	Soh Wai Kun Janet Louisa
Auditors	:	KNAV Services LLP
Registered Office and Place of Business	:	8, Shenton Way, #33-03 AXA Tower, Singapore 068811

I N D E X

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

The directors submit their statement to the shareholders together with the audited financial statements of the Company for the financial year ended 31 March 2021.

In the opinion of the directors,

(a) the financial statements of the Company as set out on pages 6 to 45 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 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.

1) DIRECTORS OF THE COMPANY

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

SUNDARAM SRIDHARAN
RAMANATHAN SRINIVASAN
SUBRAMANIAN GOPALAKRISHNAN

2) ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3) DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, the directors holding office at the end of the financial year had interests in the shares or debentures of the Company and its related corporations as detailed below: -

	As at 31.03.2021	As at 31.03.2020
Ultimate Holding Company		
HCL Technologies Ltd		
Sundaram Sridharan	24,208	24,208

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

4) SHARE OPTIONS

(a) Options to take up unissued shares

There were no share options granted to subscribe for unissued shared of the company.

(b) Options exercised

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

(c) Unissued shares under option

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

5) INDEPENDENT AUDITORS

The independent auditors, KNAV Services LLP have been appointed as the auditors during the year ended 31 March 2021. KNAV Services LLP retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KNAV Services LLP as auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Directors,

Sridharan S

……
SUBRAMANIAN GOPALAKRISHNAN
DIRECTOR
DATE: 25 AUGUST 2021

……
SUNDARAM SRIDHARAN
DIRECTOR
DATE: 25 AUGUST 2021

KNAV SERVICES LLP
(UEN: T19LL0095C)
60 Paya Lebar Road,
#10-31 Paya Lebar Square
Singapore 409 051
www.knavcpa.com
(KNAV SERVICES LLP is incorporated with limited liability.)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HCL SINGAPORE PTE. LTD.
FINANCIAL YEAR ENDED 31 MARCH 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HCL Singapore Pte. Ltd. (the "company"), which comprise the statement of financial position as at 31 March 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 March 2021 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 (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 Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by another auditor who expressed an unmodified opinion on those statements dated 27 November 2020.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

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:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(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 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.

(e) 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.

KNAV Services LLP

KNAV Services LLP
Public Accountants and
Chartered Accountants
Singapore

25 August 2021

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 March 2021

	Note	Mar-21 S$	Mar-20 S$
Continuing Operations			
Revenue	4	243,338,567	203,829,995
Cost of sales		(202,357,187)	(171,161,256)
Gross profit		40,981,380	32,668,739
Other (losses) /income, net	6	(2,779,382)	1,714,902
Other items of expenses			
Marketing and distribution costs		(11,735,224)	(9,342,537)
Administrative expenses		(13,486,942)	(11,207,453)
		(25,222,166)	(20,549,990)
Finance income	7	337,975	2,135,734
Finance cost	8	(453,108)	(960,814)
Profit before tax	5	12,864,699	15,008,571
Income tax expense	10	(2,499,120)	(2,527,674)
Profit after tax		10,365,579	12,480,897
Other comprehensive income		-	-
Total comprehensive income for the year		10,365,579	12,480,897

The annexed notes form an integral part of these financial statements

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2021

	Note	Mar-21	Mar-20
		S$	S$
Assets			
Current assets			
Cash and cash equivalents	12	3,797,892	3,923,216
Trade receivables	13	75,964,425	55,577,060
Inventory	14	756,302	8,110
Other receivables, deposits and prepayments	15	29,641,529	31,013,055
Contract assets	4	5,102,384	3,845,940
Total current assets		**115,262,532**	**94,367,381**
Non-current assets			
Plant and equipment	16	4,142,631	4,183,227
Right of use assets	28	1,117,727	1,984,777
Intangible assets	17	6,618,735	7,128,429
Financial assets, at FVPL	19	12,664	12,664
Investment in a subsidiary	20	-	-
Other receivables, deposits and prepayments	15	3,282,107	2,909,540
Total non-current assets		**15,173,864**	**16,218,637**
Total assets		**130,436,396**	**110,586,018**
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Income tax liabilities	10	2,977,760	2,741,687
Trade payables	21	33,972,366	14,166,115
Other payables and accruals	22	26,848,016	21,713,328
Contract liabilities	21	12,151,685	10,948,794
Lease liabilities	28	1,094,894	1,250,281
Employee encashment compensated absence	23	3,025,358	2,344,538
Total current liabilities		**80,070,079**	**53,164,743**
Non-current liabilities			
Deferred income tax liabilities	11	404,550	824,365
Contract liabilities	21	3,128,402	202,915
Lease liabilities	28	297,283	1,243,676
Employee encashment compensated absence	23	5,219,119	4,378,328
Total non-current liabilities		**9,049,354**	**6,649,284**
Total liabilities		**89,119,433**	**59,814,027**
Equity			
Capital and reserves attributables to owners of the parent			
Share capital	24	2,035,000	2,035,000
Retained earnings		39,179,920	48,736,991
Merger reserve		102,043	-
Total equity		**41,316,963**	**50,771,991**
Total equity and liabilities		**130,436,396**	**110,586,018**

The annexed notes form an integral part of these financial statements

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 March 2021

	Attributable to owners of the company			
	Share Capital	**Retained Earnings**	**Merger reserve**	**Total**
	S$	**S$**	**S$**	**S$**
Balance as at 1 April 2019	2,035,000	54,255,669	-	56,290,669
Total comprehensive income for the year				
Profit for the year	-	12,480,897	-	12,480,897
Total comprehensive income for the year	-	12,480,897	-	12,480,897
Transactions with owners, recognised directly in equity				
Dividend paid (Note 26)	-	(17,999,575)	-	(17,999,575)
Total transactions with owners	-	(17,999,575)	-	(17,999,575)
Balance as at 31 March 2020	2,035,000	48,736,991	-	50,771,991
Total comprehensive income for the year				
Profit for the year	-	10,365,579	-	10,365,579
Total comprehensive income for the year	-	10,365,579	-	10,365,579
Transactions with owners, recognised directly in equity				
Dividend paid (Note 26)	-	(19,922,650)	-	(19,922,650)
Total transactions with owners	-	(19,922,650)	-	(19,922,650)
Merger of Axon Solutions Singapore Pte. Limited (Note 20)			102,043	102,043
Balance as at 31 March 2021	2,035,000	39,179,920	102,043	41,316,963

The annexed notes form an integral part of these financial statements

HCL SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March 2021

	Note	Mar-21 S$	Mar-20 S$
Cash flows from operating activities			
Profit before tax		12,864,699	15,008,571
Adjustments for:-			
Depreciation for plant and equipment	16	2,260,350	2,553,055
Amortization for intangible assets	17	509,694	223,701
Depreciation for right of use assets	28	891,743	960,838
Interest income	7	(337,975)	(2,135,734)
Interest on lease liabilities	8	51,540	62,038
Interest cost on IBM deferred consideration	8	21,427	64,282
Impairment of trade receivables charged/(written back)	6	664,802	(186,254)
Loss on disposal of plant and equipment	6	-	1,479
Assets written off		8,339	5,451
Unrealised foreign currency exchange loss, net	6	(51,281)	(1,162,334)
Reversal of impairment of investment on account of merger	20	(10,000)	-
Operating cash flows before changes in working capital		16,873,338	15,395,093
Changes in working capital:-			
Contract assets		(1,256,444)	(2,475,960)
Contract liabilities		4,128,378	7,681,076
Trade receivables, other receivables, deposits and prepayments		(32,028,567)	(6,221,464)
Inventory		(748,192)	(8,110)
Trade payables, other payables and accruals		28,477,925	(10,176,285)
Employee encashment compensated absence		1,521,611	216,848
Cash generated from operations		16,968,049	4,411,198
Interest received from customer		84,942	7,732
Tax paid, net	10	(2,675,288)	(2,544,888)
Net cash generated from operating activities		**14,377,703**	**1,874,042**
Cash Flows from investing activities			
Purchase of plant and equipment	16	(2,664,479)	(1,681,710)
Proceeds from sale of plant and equipment		436,386	-
Repayment of short term loans		12,091,063	8,828,230
Interest received		121,858	2,108,395
Cash and cash equivalents on account of merger	20	251,691	-
Purchase of business	18	(3,468,848)	(3,468,848)
Net cash generated from investing activities		**6,767,671**	**5,786,067**
Cash Flows from financing activities			
Dividend paid	26	(19,922,650)	(17,999,575)
Payment of lease liabilites	28	(1,296,508)	(1,487,891)
Interest paid on lease liabilities	28	(51,540)	(62,038)
Net cash used in financing activities		**(21,270,698)**	**(19,549,504)**
Net decrease in cash and cash equivalents		(125,324)	(11,889,395)
Cash and cash equivalents			
Beginning of the financial year		3,923,216	15,812,611
End of the financial year	12	3,797,892	3,923,216

The annexed notes form an integral part of these financial statements

These notes form an integral part of the financial statements

1. DOMICILE AND PRINCIPAL ACTIVITIES

The Company (Company Registration No: 198000284M) is a private company incorporated and domiciled in Singapore with its registered office and principal place of business at 8 Shenton Way, #33-03 AXA Tower, Singapore 068811.

The principal activities of the Company comprise of sales of hardware and software licenses, software development, installation implementation, maintenance of hardware and software and providing information technology services.

The immediate and ultimate holding company during the financial year is HCL Technologies Limited, incorporated in the India. The financial statements were authorised for issue by the Board of Directors on 25 August 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

The preparation of financial statements in conformity with SFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

2.2 Adoption of new and amended standards and interpretations

The Company has applied the following SFRSs, amendments to and interpretations of SFRS for the first time for the annual period beginning on 1 April 2020:

- INT FRS 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and 111)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendment Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs pronouncements relevant to the Company were issued but not effective:

- Effective for annual periods beginning on or after 1 January 2023- Amendments to FRS 1: Classification of Liabilities as Current or Non-current
- Effective for annual periods beginning on or after 1 April 2021- Amendment to FRS 116: Covid-19-Related Rent Concessions beyond 30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of new and amended standards and interpretations (continued)

- Effective for annual periods beginning on or after 1 January 2023
  - Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies
  - Amendments to FRS 8: Definition of Accounting Estimates

Management anticipates that the adoption of the above FRSs pronouncements in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

2.3 Holding Companies and Related Corporations

Holding Company

The immediate and ultimate holding company is HCL Technologies Limited, a company incorporated in India and listed on NSE (National Stock Exchange, Mumbai) and BSE (Bombay Stock Exchange).

Related Corporations

A related corporation is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate of joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Group accounting

These financial statements are the separate financial statements of the Company. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is a wholly owned subsidiary of the ultimate holding company in India, which produces consolidated financial statements available for public use. The registered office of the ultimate holding company, HCL Technologies Limited, is at 806 Siddharth, 96, Nehru Place, New Delhi – 110019, India. The basis on which the subsidiary is accounted for is disclosed in Note 2.5 to the financial statements.

2.5 Investment in a Subsidiary

Investment in a subsidiary is carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. On 1 July 2020, the subsidiary was merged into the Company. (Refer Note 20)

2.6 Revenue Recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated volume rebates and adjusted for expected returns. Based on the Company's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

(a) Sale of equipment

Revenue from sale of equipment is recognised at a point in time when the customer obtains control and benefit over the asset. This generally coincides with delivery and acceptance.

(b) Service revenue – Development, installation and implementation of software

Revenue from rendering of services is recognised when the services are rendered over time. Where services are provided in stages, revenue is recognised using the percentage-of completion method based on the actual service provided as a proportion of the total services to be performed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Revenue Recognition (continued)

(c) Time-and-material contracts and recurring fixed billing contracts

The service revenue is recognized when the services are rendered and when the customer obtains control over time.

2.7 Plant and equipment

(a) Measurement

(i) Plant and equipment

All items of plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of plant and equipment initially recognized includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of plant and equipment that are transferred from the hedging reserves.

(b) Depreciation

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

	No. of Years
Computer equipment	4-5 Years
Computer software	3 Years
Furniture and fittings	5-7 Years
Office equipment and air-conditioners	5-10 Years

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

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

(d) Disposal
On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognized in profit or loss within “other income and losses”.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Business combinations and goodwill

The Company accounts for business combinations using the acquisition method when control is transferred to the Company.

The Company measures goodwill at the date of acquisition as:

- The fair value of the consideration transferred; plus
- The recognised amount of any NCI in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Cost related to acquisition, other than those associated with the issue of debt or equity investments, that the Company incurs in connection with a business combination are expensed as incurred.

Goodwill that arises upon the acquisition of business is included in Intangible assets.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Common control business combination is accounted using the pooling of interest method where the Company is transferee. Assets and liabilities of the combining entities are reflected at their carrying amounts and no new asset or liability is recognised. Identity of reserves of the transferor Company is preserved by reflecting them in the same form in the Company's financial statements in which they appeared in the financial statement of the transferor Company. The excess between the amount of consideration paid over the share capital of the transferor Company is recognised as a negative amount and the same is disclosed as capital reserve on business combination.

2.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at their fair value at the date of acquisition. Subsequently, following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangible assets (continued)

consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income and when the asset is derecognised.

The intangible assets are amortized over the estimated useful life of the assets except where amortization is in proportion to the expected benefits over the useful life which could range up to 10 years:

	No. of Years
Customer relationship	over 10 years in proportion of estimated revenue

2.10 Financial Instrument

(a) Financial assets

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial Instruments (continued)

(a) Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Subsequent measurement and gains and losses

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial Instruments (continued)

(a) Financial assets (continued)

(ii) Classification and subsequent measurement (continued)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at amortised cost

Financial assets are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired, and through the amortization process.

The assets are subsequently measured at amortised costs using the effective interest method. The amortised costs are reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(b) Financial liabilities

(i) Initial recognition and measurement

The Company initially recognises financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost. Such financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise trade and other payables and other long-term payables (excludes long-term employee benefits).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial Instruments (continued)

(c) Financial assets (continued)

(iii) Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

(c) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.11 Impairment

(i) Non-derivative financial assets

The Company recognizes an allowance for expected credit losses (ECLs) on financial assets measured at amortised cost, finance lease receivables and contract assets.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

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 recognizes a loss allowance based on lifetime ECLs at each reporting date.

General approach

The Company applies the general approach to provide for ECLs on all the other financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment (continued)

(i) Non-derivative financial assets (continued)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are recognized 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 recognized for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Provisions

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

Provisions are reviewed at each reporting 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. 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 recognized in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognized in the profit or loss when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Income Taxes

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 Provisions, Contingent Liabilities and Contingent Assets.

Deferred income tax is recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Current and deferred income taxes are recognized as income or expense in profit or loss.

2.14 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts, where applicable. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, where applicable, assessments are made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements of the Company are presented in Singapore Dollar, which is the functional and presentation currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognized in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities.

Foreign exchange gains and losses are presented in the income statement within "other income / losses – net". Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

2.16 Employee Compensation

Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

(i) Short-term employee benefits

These include wages, salaries, social security contributions, paid annual leave, paid sick leave, profit sharing, bonuses (if paid within twelve months of the end of the financial year) and other non-monetary benefits such as medical care, housing, cars and free or subsidized goods or services.

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Employee Compensation (continued)

(iii) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to the specific portion of the unutilized accumulated compensated absences and utilized it in future periods or received cash at retirement or termination of employment. The expected cost of accumulated compensated absences is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. The expense on non-accumulating compensated absences is recognized in the statement of profit and loss in the year in which the absences occur. Actuarial gains / losses are immediately taken to the statement or profit and loss are not deferred.

2.17 Lease

Definition of a lease

The Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

As a lessee

As a lessee, the Company leases many assets including property and IT equipment. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under FRS 116, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Lease (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies FRS 115 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in FRS 109 to the finance lease receivables (see Note 15). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from FRS 116 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

2.18 Dividends

Dividends to the Company's shareholders are recognized when the dividends are approved for payment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Share Capital

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

2.20 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

(a) Impairment of loans and receivables and contract assets

Management reviews its loans and receivables for objective evidence of impairment, on a monthly basis. Significant financial difficulties to the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience or assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

(b) Service revenue

The Company uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) Service revenue (continued)

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

(c) Employee encashment of compensated absence

The present value of the accrual for compensated absence depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for compensated absence include the discount rate. Any changes in assumptions will impact the carrying amount of compensated absence obligations.

The Company determines the appropriate discount rate at the end of each period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the compensated absence obligations. In determining the appropriate discount rate, the Company considers the interest rates of high quality fixed interest bonds that are denominated in the currency in which the obligations will be paid, and that have terms to maturity approximating the terms of the related compensated absence liability.

Other key assumptions for compensated obligations are based in part on current market conditions. Additional information is disclosed in Note 23.

3.2 Critical judgements in applying the entity's accounting policies

The Company enters into contracts with customers that include promises to transfer both license and support services to the customer. Determining whether the license and support services are distinct require significant judgment. Judgment is also required in the allocation of the consideration to the distinct performance obligations. Where the stand-alone selling price is highly variable or not observable, publicly available price list is used to allocate the consideration to the performance obligations.

Other than mentioned above, there were no significant areas which required critical judgements in applying the entity's accounting policies, other than those already disclosed in these financial statements.

	Mar-21 S$	Mar-20 S$

4 REVENUE

(a) Disaggregation of revenue

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following type of goods and services:

Type of good or service		
(a) Sale of equipment	4,880,985	6,830,137
(b) Sale of Services (Over time):-		
- Development, installation and implementation of software	112,980,041	90,027,679
- Time and material	54,299,745	51,401,671
- Recurring fixed billing for software services	71,177,796	55,570,508
	238,457,582	196,999,858
	243,338,567	203,829,995

The disaggregated revenue from customers by geographic area based on location of customer is as follows:

Singapore	192,839,042	168,646,393
USA	4,026,405	4,352,586
Rest of world	46,473,120	30,831,016
	243,338,567	203,829,995

Nature of goods and services

The following information reflects the typical transactions of the Company:

Nature of goods or services	Warranty	Timing of recognition or method used to recognised revenue	Significant payment terms
Sale of services	All services come with standard warranty terms of three months or reasonable time period after due notification from customer, under which customers are allowed to request for replacing the personnel performing the services whose performance is found to be unsatisfactory.	Revenue is recognised overtime as and when the services are performed.	Credit period of 30 to 90 days from invoice date
Sale of hardware	-	Revenue is recognised at a point in time when the requested goods are delivered.	Credit period of 30 to 90 days from invoice date

(b) Contract assets and liabilities

Contract assets : A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets are recognized where there is excess of revenue over the billings. Revenue recognized but not billed to customers is classified as contract assets in balance sheet. Contract assets primarily relate to unbilled amounts on fixed price contracts using the cost to cost method of revenue recognition. Unbilled receivable represents contracts where right to consideration is unconditional (i.e. only the passage of time is required before the payment is due). (Refer to Note 13 Unbilled receivables)

	Mar-21 S$	Mar-20 S$

4 REVENUE (continued)

(b) Contract assets and liabilities (continued)

Particulars	Contract assets	
Balance, at beginning of financial year	3,845,940	1,369,981
Revenue recognised but not billed	2,566,148	3,429,619
Reduction on account of billing done during the year	(1,309,704)	(953,660)
Balance, at end of financial year	5,102,384	3,845,940

Contract liablities : A contract liability arises when there is excess billing over the revenue recognised. (Refer to Note 21 Contract liabilities)

Particulars	Contract liabilities	
Balance, at beginning of financial year	11,151,709	3,582,983
Additional amounts billed but not recognized as revenue	8,698,226	9,546,586
Deduction on account of revenues recognized during the year	(4,569,848)	(1,977,860)
Balance, at end of financial year	15,280,087	11,151,709

5 PROFIT BEFORE TAX

Included in profit before tax are the following:

Purchase of finished goods and services	123,399,338	95,253,744
Rentals	(2,739)	8,663

6 OTHER INCOME /(LOSSES), NET

(Impairment)/Write-back of trade receivables	(664,802)	186,254
Loss on disposal of plant and equipment	-	(1,479)
Realised foreign currency exchange (loss) / gain, net	(2,166,712)	367,793
Unrealised foreign currency exchange gain, net	51,281	1,162,334
Other income	851	-
	(2,779,382)	1,714,902

7 FINANCE INCOME

Interest income - loans to related corporations	228,695	951,701
Interest income - bank accounts	13,502	1,176,301
Interest income - customer receivables	84,942	7,732
Interest income - security deposits	10,836	-
	337,975	2,135,734

8 FINANCE COST

Interest expense - bank accounts	5,591	595,026
Interest expense - lease liability	51,540	62,038
Interest expense - IBM deferred consideration	21,427	64,282
Interest expense - extended vendor credit	7,891	4,522
Bank charges	366,659	234,946
	453,108	960,814

	Mar-21 S$	Mar-20 S$

9 EMPLOYEE BENEFITS EXPENSE

(a) Key Management Personnel

The key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel comprises directors only, whose short-term employee benefits are disclosed below.

Directors

Short-term employee benefits - directors of the Company	317,201	348,164

(b) Employees

Short-term employee benefits	85,355,485	78,465,904
Employer's contribution to defined contribution plans	4,093,901	3,475,122
Leave compensation	3,518,836	2,317,629
	92,968,222	84,258,655
Total Employee Benefits Expense	93,285,423	84,606,819

10 INCOME TAXES

(a) **Income tax expense**

Tax expense attributable to profit is made up of:-

Current income tax (Note 10(c))	2,881,485	2,796,028
Deferred income tax (Note 11(a)) :		
Movement in taxable temporary differences	(419,815)	(531,339)
	2,461,670	2,264,689
Under provision of income tax in prior years	29,876	262,985
Others	7,574	-
Income tax expense	2,499,120	2,527,674

(b) The tax expense on the profit for the financial period differs from the tax expense that would arise by applying the Singapore standard income tax rate to profit before tax due to the following :-

Profit before income tax	12,864,699	15,008,571
Tax at the applicable tax rate of 17% (2020:17%)	2,186,999	2,551,457
Tax effect of items that are not deductible / (allowable) in determining taxable profit:		
Non-taxable items	(12,750)	(495,431)
Non-deductible items	286,247	202,885
Tax exempt and rebate	(17,425)	(17,425)
Others	26,173	23,203
Current income tax - for the year	2,469,244	2,264,689
Under provision of income tax in prior years	29,876	262,985
Tax charge	2,499,120	2,527,674

	Mar-21 S$	Mar-20 S$

10 INCOME TAXES (continued)

(c) Movement in current income tax liabilties

Balance, at beginning of financial year	2,741,687	2,227,562
Income tax paid	(2,675,288)	(2,544,888)
	66,399	(317,326)
Prior year's under/(over) provision	29,876	262,985
Current financial year's tax	2,881,485	2,796,028
Balance, at end of financial year	2,977,760	2,741,687

11 DEFERRED TAXES

(a) Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 17% (2020: 17%).

The movement on the deferred income tax account is as follows:-

Balance, at beginning of financial year	824,365	855,560
Acquired in business combination	-	500,144
Recognised in profit or loss	(419,815)	(531,339)
Balance, at end of financial year	404,550	824,365

(b) The movements in the deferred tax (assets) and liabilities (prior to offsetting of balances within the same jurisdiction) during the financial year are as follows:-

2021	Intangible assets S$	Right of use assets S$	Employee Provisions S$	Plant and equipment S$	Total S$
Balance at beginning of financial year	500,144	(5,804)	(341,438)	671,463	824,365
Recognised in profit or loss	(86,648)	16,330	(343,237)	(6,260)	(419,815)
Acquired in business combination	-	-	-	-	-
Balance at end of financial year	413,496	10,526	(684,675)	665,203	404,550

2020	Intangible assets	Right of use assets	Employee Provisions	Plant and equipment	Total S$
Balance at beginning of financial year	-	-	-	855,560	855,560
Recognised in profit or loss	-	(5,804)	(341,438)	(184,097)	(531,339)
Acquired in business combination	500,144	-	-	-	500,144
Balance at end of financial year	500,144	(5,804)	(341,438)	671,463	824,365

(c) Deferred tax (assets) and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the statement of financial position as follows:-

Deferred tax (assets)	(684,675)	(347,242)
Deferred tax liabilities	1,089,225	1,171,607
Net deferred tax liabilities	404,550	824,365

	Mar-21 S$	Mar-20 S$
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,797,892	3,923,216
Cash and cash equivalents	3,797,892	3,923,216

Included within cash and cash equivalents is an amount of S$ Nil (2020: S$ 8.3 million) under a credit facility with bank. The facility has a right of set off against other positive cash balances. The facility attracts interest of SGD overnight deposit rate (SDDR1T) plus 0.15% and is repayable on demand.

13 TRADE RECEIVABLES

These include the following:-

Trade receivables		
Trade receivables - third parties	41,735,295	40,825,714
Less: Allowance for impairment loss (Note 13(iii))	(1,790,161)	(1,125,359)
Trade receivables – third parties, net	39,945,134	39,700,355
Ultimate holding company (Note 13(i))	20,643,615	691,967
Related corporations (Note 13(i))	7,422,324	9,047,166
Unbilled receivables - third parties	6,815,675	6,137,572
- ultimate holding company (Note 13(i))	836,608	-
- related corporations (Note 13(i))	301,069	-
Total trade receivables	75,964,425	55,577,060
Add:		
Other receivables,deposits and prepayments (Note 15)	32,923,636	33,922,595
Cash and cash equivalents (Note 12)	3,797,892	3,923,216
Less:		
Deferred cost and prepayments (Note 15)	(17,947,133)	(5,488,080)
Total loans and receivables	94,738,820	87,934,791

The trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(i) Ultimate holding company and related corporations

These represent amounts due for sales made to the ultimate holding company and related corporations. They are unsecured, interest-free and repayable under normal trading terms. The Company considers low credit risk for amount due from related corporations and ultimate holding company. Hence, no ECL has been provided.

(ii) Receivables that are impaired

Movements during the financial year are as follows:-

Balance, at beginning of the financial year	1,125,359	1,311,613
Addition during the year	1,085,812	409,534
Write back during the year	(421,010)	(595,788)
Balance, at end of the financial year	1,790,161	1,125,359

13 TRADE RECEIVABLES (continued)

(ii) Receivables that are impaired (continued)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral of credit enhancements.

(iii) Expected credit loss assessment

The Company uses an allowance matrix to measure ECLs of trade receivables (including contract assets) from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics- geographic region, age of customer relationship and type of product purchased.

Category	Description	Basis for recognizing expected
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is > 365 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

Set out below is the information about the credit risk exposure on the Company's trade receivables and unbilled receivables (including contract assets) using a provision matrix:

	Internal credit rating	12-month or lifetime ECL	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
			%	S$	S$	
As at 31 March 2021						
Not Due	(i)	Life time ECL	0.08%	43,641,705	34,923	No
1 to 30 days	(i)	Life time ECL	0.48%	2,382,812	11,494	No
31 to 60 days	(i)	Life time ECL	0.89%	3,319,067	29,665	No
61 to 90 days	(i)	Life time ECL	1.73%	1,630,471	28,163	No
91 to 120 days	(i)	Life time ECL	2.72%	639,356	17,387	No
121 to 365 days	(i)	Life time ECL	91.48%	1,354,082	1,238,781	No
More than 365 days	(i)	Life time ECL	62.66%	685,861	429,748	Yes
Total			**3.34%**	**53,653,354**	**1,790,161**	

	Internal credit rating	12-month or lifetime ECL	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
			%	S$	S$	
As at 31 March 2020						
Not Due	(i)	Life time ECL	0.24%	36,714,912	89,542	No
1 to 30 days	(i)	Life time ECL	1.23%	4,502,878	55,533	No
31 to 60 days	(i)	Life time ECL	2.31%	2,030,019	46,836	No
61 to 90 days	(i)	Life time ECL	4.03%	3,109,838	125,217	No
91 to 120 days	(i)	Life time ECL	5.66%	725,763	41,075	No
121 to 365 days	(i)	Life time ECL	21.90%	2,281,323	499,664	No
More than 365 days	(i)	Life time ECL	18.52%	1,444,493	267,492	Yes
Total			**2.21%**	**50,809,226**	**1,125,359**	

(i) For trade receivables and contract assets, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

	Mar-21 S$	Mar-20 S$
14 INVENTORY		
Stock in trade	756,302	8,110
	756,302	8,110
15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS		
Third parties:-		
- Staff advances (Note 15(i))	77,746	347,820
- Finance Lease Receivables (Note 15(iii))	2,101,253	1,785,852
- Deposits	482,273	543,489
- Prepayments	4,749,733	3,000,952
- Deferred cost (Note 15(iv))	843,536	814,672
- Grant receivables	-	1,714,778
- Others	243,141	76,990
	8,497,682	8,284,553
Related parties		
- Short term loans (Note 15(ii))	8,810,693	20,901,755
- Interest receivables	1,288,310	1,157,135
- Prepayments	58,937	-
- Deferred cost	10,985,907	669,612
	21,143,847	22,728,502
Total other receivables, deposits and prepayments- current	29,641,529	31,013,055
Non-Current		
Finance Lease Receivables (Note 15(iii))	1,973,087	1,906,696
Deferred cost	1,309,020	1,002,844
Total other receivables, deposits and prepayments- non current	3,282,107	2,909,540

Other receivables have an average settlement term of six months.

(i) Staff advances

These are unsecured, non-interest bearing and repayable within the next twelve months.

(ii) Related corporation and Subsidiary - short term loans

This is unsecured, bearing London Interbank Offered Rate (LIBOR) plus + 100 basis points (BPS) (2020: (LIBOR) plus + 100 basis points (BPS)) rate of interest per annum and is repayable on demand.

(iii) Finance lease receivables

The Company leases various equipment and applicable software licenses for sublease, under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum sublease payments expected to be received under non-cancellable sublease of equipment and applicable software licenses are as follows:-

Gross receivable due:		
-Not later than one year	2,205,068	1,839,421
-Later than one year but within two years	1,058,674	836,405
-Later than two year but within three years	505,398	631,152
-Later than three year but within four years	492,920	372,393
-Later than four year but within five years	27,488	186,196
	4,289,548	3,865,567
Less: Unearned finance income	(215,208)	(173,019)
Net investment in finance lease	4,074,340	3,692,548

(iv) Deferred cost

Deferred contract cost primarily represents the contract fulfilment cost and cost for obtaining the contract.

	Mar-21 S$	Mar-20 S$

15 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(b) The net investment in financial lease is analysed as follows:

Not later than one year	2,101,253	1,785,852
Later than one year but not later than five years	1,973,087	1,906,696
	4,074,340	3,692,548

16 PLANT AND EQUIPMENT

	Computer Equipment	Computer Software	Furniture and Fittings	Office Equipment / Air-Conditioner	Total
	S$	S$	S$	S$	S$
COST					
Balance as at 1 April 2019	10,802,322	745,510	802,528	640,385	12,990,745
Additions	1,555,508	121,188	-	5,014	1,681,710
Disposal (Retirement)	(297,766)	-	-	-	(297,766)
Balance as at 31 March 2020	12,060,064	866,698	802,528	645,399	14,374,689
COST					
Balance as at 1 April 2020	12,060,064	866,698	802,528	645,399	14,374,689
Additions	1,925,006	738,723	-	750	2,664,479
Disposal (Retirement)	(761,228)	(31,255)	-	-	(792,483)
Balance as at 31 March 2021	13,223,842	1,574,166	802,528	646,149	16,246,685
ACCUMULATED DEPRECIATION					
Balance as at 1 April 2019	6,097,605	668,528	702,742	460,368	7,929,243
Charged for the year	2,280,478	142,274	76,767	53,536	2,553,055
Disposal (Retirement)	(290,836)	-	-	-	(290,836)
Balance as at 31 March 2020	8,087,247	810,802	779,509	513,904	10,191,462
ACCUMULATED DEPRECIATION					
Balance as at 1 April 2020	8,087,247	810,802	779,509	513,904	10,191,462
Charged for the year	1,946,726	240,497	55,911	17,216	2,260,350
Disposal (Retirement)	(316,503)	(31,255)	-	-	(347,758)
Reclassification	-	-	(64,553)	64,553	-
Balance as at 31 March 2021	9,717,470	1,020,044	770,867	595,673	12,104,054
Net book value					
As at 1 April 2019	4,704,717	76,982	99,786	180,017	5,061,502
As at 31 March 2020	3,972,817	55,896	23,019	131,495	4,183,227
As at 31 March 2021	3,506,372	554,122	31,661	50,476	4,142,631

	Mar-21 S$	Mar-20 S$

17 INTANGIBLE ASSETS

	Goodwill (Note 17) S$	Customer relationship S$	Total S$
COST			
Balance as at 1 April 2019		-	-
Additions	4,410,105	2,942,025	7,352,130
Balance as at 31 March 2020	4,410,105	2,942,025	7,352,130
COST			
Balance as at 1 April 2020	4,410,105	2,942,025	7,352,130
Additions	-	-	-
Balance as at 31 March 2021	4,410,105	2,942,025	7,352,130
ACCUMULATED DEPRECIATION			
Balance as at 1 April 2019	-	-	-
Additions	-	223,701	223,701
Balance as at 31 March 2020	-	223,701	223,701
ACCUMULATED DEPRECIATION			
Balance as at 1 April 2020	-	223,701	223,701
Additions	-	509,694	509,694
Balance as at 31 March 2021	-	733,395	733,395
NET BOOK VALUE			
As at 31 March 2020	4,410,105	2,718,324	7,128,429
As at 31 March 2021	4,410,105	2,208,630	6,618,735

18 GOODWILL

Balance at beginning of financial year	4,410,105	-
Goodwill arising from business combinations	-	4,410,105
Balance at end of financial year at fair value	4,410,105	4,410,105

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU. Value-in-use has been computed based on following key assumptions:

(a) Cash flows were projected based on the financial year ended 31 March 2021 actual operating results and the Company's 5-years business plan, with average net margin applied of 6% (2020: 6%) per annum for the years 2022 to 2026.

(b) The terminal value was estimated using the perpetuity growth model, with a weighted average growth rate to perpetuity of 1% (2020: 2%).

(c) A pre-tax discount rate of 13% (2020: 13%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital.

This goodwill is attributable mainly to Company's ability to upgrade the products and enhance the sale of products to customers in existing business of the Company and targeting new customers. With regard to the assessment of value in use of this CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of this CGU to differ materially from its recoverable amount except for the changes in the prevailing operating environment, the impact of which is not expected to be significant.

The valuation techniques used for measuring the fair value of intangible assets acquired were as follows:

Asset acquired	Valuation technique
Customer relationships	Multi-period excess earnings method. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships.

	Mar-21 S$	Mar-20 S$

19 FINANCIALS ASSETS AT FVPL

Unquoted equity investment	12,664	12,664

This represents a 1% investment in a related party (PT HCL Technologies, Indonesia).

20 INVESTMENT IN A SUBSIDIARY

Unquoted equity investment	-	10,000
Less: Allowance for impairment of loss	-	(10,000)
	-	-

(i) Details of the subsidiary are as follows:-

Name of Subsidiary	Principal Activity	Place of Business / Country of Incorporation	Class of Shares Held	Cost		Percentage of equity held and effective shareholding	
				2021 S$	2020 S$	2021 %	2020 %
Axon Solutions Singapore Pte Ltd	IT and hardware consultancy (including system consultancy)	Singapore	Ordinary	-	10,000	-	100

Movement in allowance for impairment loss is as follows:-

Beginning of the year	10,000	10,000
Addition	-	-
Less on account of merger	(10,000)	-
End of the year	-	10,000

The Company has merged its wholly owned subsidiary Axon Solutions Singapore Pte. Limited w.e.f. from 1st July 2020. All the assets and liabilities were merged at book value.

	Mar-21 S$	Mar-20 S$
21 TRADE PAYABLES AND CONTRACT LIABILITIES		
These include the following:-		
Trade payables – third parties	7,262,902	5,286,201
Ultimate holding company (Note 21(i))	21,461,948	6,005,585
Related corporations (Note 21(i))	3,270,733	1,509,066
Trade advances received (Note 21(iii))	1,976,783	1,365,263
Total trade payables - current	33,972,366	14,166,115
Contract liabilities (Note 21(ii))	15,280,087	11,151,709
Total trade payables and contract liabilities	49,252,453	25,317,824
Add: Other payables and accruals (Note 22)	26,848,016	21,713,328
Employment encashment compensated absence (Note 23)	8,244,477	6,722,866
Less: Trade advance received (Note 21(iii))	(1,976,783)	(1,365,263)
Total financial liabilities and contract liabilities	82,368,163	52,388,755

Trade and other payables are non-interest bearing.

Trade payables are normally settled on 30 to 60 days terms.

(i) Ultimate holding company and related corporations

The trade balances arose from normal trade transactions. They are unsecured, interest-free and repayable on normal trading terms.

(ii) Contract liabilities

Current - third parties	12,151,685	10,948,794
Non-current - third parties	3,128,402	202,915
Total	15,280,087	11,151,709

These represent contract liabilities pertaining to signing of long term contracts for which revenue will be recongnised over the future period and are not included in the profit or loss. The unpaid advance billings are reflected in the trade receivables.

(iii) Trade advances received

These represent trade advances received which will be used to set off against future sales contracts with customers.

	Mar-21 S$	Mar-20 S$
22 OTHER PAYABLES AND ACCRUALS		
These include the following:-		
Third parties (Note 22(i))	3,468,234	7,371,453
Ultimate holding company (Note 22(ii))	15,038,372	-
Related corporations (Note 22(ii))	835,120	6,409,860
Deferred grant income	-	1,714,778
	19,341,726	15,496,091
Accrued for:-		
Performance bonus	4,139,850	2,033,196
Central provident fund	1,326,737	1,110,663
Other operating expenses	2,039,703	3,073,378
	7,506,290	6,217,237
Total other payables and accruals	26,848,016	21,713,328

(i) Other payable- third parties

Other payables have an average term of six months.

(ii) Ultimate holding company and related corporations

The non-trade balances represent advances for working capital. They are unsecured, interest free and repayable on demand.

23 EMPLOYEE ENCASHMENT COMPENSATED ABSENCE

Current		
Employee encashment of compensated absence	3,025,358	2,344,538
Non-current		
Employee encashment of compensated absence	5,219,119	4,378,328
	8,244,477	6,722,866

The Company automatically encashes compensated absences exceeding 45 days by the employee upon completion of a full year service period and any remaining compensated absence less than 45 days is allowed to be carried forward to the next calendar year with no expiry. In addition, compensated absence of an employee upon resignation or retirement from the Company will be paid in accordance with the Company policy .

The expected costs of this benefit is accrued based on the present value of the defined compensated absence obligation at the reporting date. The defined compensated absence obligation is calculated annually by an independent actuary using the projected accrued benefit method taking into account pattern of availment of leave whilst in service and qualifying salary on the date of availment of leave. In respect of encashment of leave, the defined compensated absence obligation is calculated taking into account all types of decrement and qualifying salary projected up to the assumed date of encashment. The present value of the defined compensated absence obligation is determined by discounting the estimated future cash outflows using interest rates of high quality fixed interest bonds that are denominated in the currency in which the obligations will be paid, and that have terms to maturity approximating the terms of the related compensated absence liability.

	Mar-21 S$	Mar-20 S$

23 EMPLOYEE ENCASHMENT COMPENSATED ABSENCE (continued)

Management has assumed a discount rate of 2.2% (2020: 1.52%) based on fixed interest Singapore government bonds. Further, a salary escalation rate of 3.5% (2020: 3.5%) was assumed taking into account inflation, seniority and other relevant factors. The pattern of availment of leave by employees of the Company assumed is 4.5% (2020: 4.5%) of the leave balance as at the reporting date and each subsequent year following the reporting date. In addition, management has adopted the Singapore 1997 - 2002 mortality (S9702) data in computing its actuarial liability.

24 SHARE CAPITAL

Issued and fully paid: 2,035,000 [2020 :2,035,000] ordinary shares	2,035,000	2,035,000

All issued ordinary shares are fully paid.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

25 BANK GUARANTEES

At reporting date, the Company has given bank guarantees to its customers for deposits and performance bonds amounting to S$ 12,200,319 (2020: S$ 12,012,428).

26 DIVIDEND PAID

First Interim dividend for the year 2020-2021 at S$ 7.37 per share were paid on 3 December 2020	14,997,950	-
Second Interim dividend for the year 2020-2021 at S$2.42 per share were paid on 22 January 2021	4,924,700	-
Interim dividend for the year 2019-2020 at S$8.845 per share were paid on 18 April 2019	-	17,999,575
	19,922,650	17,999,575

27 RELATED PARTY TRANSACTIONS

During the financial year, the Company had the following significant transactions with its holding companies and related parties, at mutually agreed terms between the parties, as follows:-

Income:-		
Sales to related corporations	17,551,333	15,582,752
Sales to ultimate holding company	7,161,253	7,228,633
Expenditure:-		
Purchases from / consulting charges by:-		
- Ultimate holding company	78,653,948	57,915,223
- Related corporations	12,728,130	10,504,427

Outstanding balances at 31 March 2021, arising from the above transactions are disclosed in Notes 13,15,21 and 22 to the financial statements.

The key management personnel comprise Directors whose short-term employment benefits are disclosed under Note 9 to the financial statements.

28 LEASES

As Lessee

The Company leases various buildings, IT equipment under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Right-of-use assets

Particulars	Buildings S$	IT equipment S$	Total S$
Balance as at 1 April 2020	1,946,328	38,449	1,984,777
Additions to right-of-use assets	24,693	-	24,693
Depreciation charge for the year	(878,172)	(13,571)	(891,743)
Balance as at 31 March 2021	1,092,849	24,878	1,117,727

Particulars	Buildings 2020 S$	IT equipment 2020 S$	Total 2020 S$
Balance as at 1 April 2019	-	-	-
Transition impact of FRS 116	270,364	-	270,364
Additions to right-of-use assets	2,634,540	40,711	2,675,251
Depreciation charge for the year	(958,576)	(2,262)	(960,838)
Balance as at 31 March 2020	1,946,328	38,449	1,984,777

Lease liabiities

Reconciliation of movements of liabilities to cash flows arising from financing activities:	2021 S$	2020 S$
Balance as at 1 April	2,493,957	-
Reclassified from trade payables	-	729,370
Transition impact of FRS 116	-	276,786
Additions to lease liabilities	194,728	2,975,692
Interest expenses on lease liabilities	51,540	62,038
Interest paid on lease liabilities	(51,540)	(62,038)
Payment of lease liabilities	(1,296,508)	(1,487,891)
Balance as at 31 March	1,392,177	2,493,957

The following table presents a maturity analysis of expected undiscounted cash flows for lease liabilities as on 31 March:

	2021 S$	2020 S$
Not later than one year	1,122,224	1,281,431
Later than one year but within two years	292,609	1,307,373
Later than two year but within three years	6,496	-
Later than three year but within four years	137	-
	1,421,466	2,588,804
Less: Imputed Interest	(29,289)	(94,847)
Total lease liabilities	1,392,177	2,493,957

Amounts recognised in profit or loss

2021 – Leases under FRS 116	
Interest on lease liabilities	51,540
Depreciation on right of use assets	891,743
2020 – Leases under FRS 116	
Interest on lease liabilities	62,038
Depreciation on right of use assets	960,838

29 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The board of directors of the Company and ultimate holding company reviews and agrees policies and procedures for the management of these risks, which are executed by the local directors and the financial officers of the Company and ultimate holding company.

The undernoted sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets including cash and cash equivalents, the Company minimises the credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis resulting in the Company's exposure to bad debts are being insignificant.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position as disclosed under Note 13 to the financial statements.

No collateral is held for these receivables as these receivables are considered to be reputable and credit worthy.

Credit risk concentration profile

The Company determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Company's trade and other receivables at the reporting date is as follows:-

	Mar-21		Mar-20	
	S$	of Total	S$	of Total
Singapore	60,606,792	67%	48,421,338	58%
United States of America	28,641,277	31%	29,774,237	35%
Rest of world	1,751,793	2%	5,816,000	7%
	90,999,862	100%	84,011,575	100%

**Excluding prepayment and deferred cost of S$ 17,497,133 (2020: S$ 5,488,080)*

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with a good payment record with the Company. None of the receivables from related corporations are past due or impaired.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 (trade receivables).

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

29 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

(a) Credit Risk (continued)

Non-trade amounts due from related corporations

The Company held other receivables from its related corporations (see note 15). These balances are lent to related corporations to satisfy short term funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, if available, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis. The amount of the allowance on other receivables from its related corporations are negligible.

(b) Market Risk

(i) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(ii) Foreign Currency Risk

The Company has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currency (Singapore Dollar) of the Company.

The Company's currency exposure are as follows:-

	Mar-21		
	USD stated in S$	HKD stated in S$	EURO stated in S$
Financial Assets			
Trade and other receivables	29,024,593	-	1,460,083
Cash and cash equivalents	1,195,601	-	-
Total financial assets	30,220,194	-	1,460,083
Financial Liabilities			
Trade and other payables	4,052,546	53,149	574,312
Other financial liabilities	1,157,059	-	122,484
Total financial liabilities	5,209,605	53,149	696,796
Currency exposure on financial assets/ (liabilities)	25,010,589	(53,149)	763,287

29 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

(b) Market Risk (continued)

(ii) Foreign Currency Risk (continued)

	Mar-20		
	USD stated in S$	HKD stated in S$	EURO stated in S$
Financial Assets			
Trade and other receivables	32,739,906	-	5,186,154
Cash and cash equivalents	(7,248,668)	-	-
Total financial assets	25,491,238	-	5,186,154
Financial Liabilities			
Trade and other payables	4,011,785	-	312,870
Other financial liabilities	(106,299)	-	-
Total financial liabilities	3,905,486	-	312,870
Currency exposure on financial assets/ (liabilities)	21,585,752	-	4,873,284

Sensitivity analysis for foreign currency risk

As at 31st March 2021, if the USD, Euro and HKD has strengthened/weakened by 3% (2020: 3%) against the SGD with another variables being held constant, the profit before tax and equity of the Company would have been higher/lower by S$ 771,622 (2020: S$ 793,771) respectively as a result of currency translation gains/losses on USD,HKD and Euro nominated financial statements.

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on its interest bearing asset (loans given to related parties).

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's profit/(loss) for one year, based on the floating rate financial assets held at 31 March 2021.

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. There is no impact on the Company's equity.

	Increase/(decrease) in basis points	**Effect on profit/(loss) for the year**
2021	50	44,053
	(50)	(44,053)
2020	50	104,509
	(50)	(104,509)

(c) Liquidity Risk

The Company maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Directors manage the liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available. However, the Company does not maintain any financial asset to manage its liquidity risk.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Long term financial assets and financial liabilities approximate their fair value due to interest rates that approximate market rates charged on those financial assets and financial liabilities.

29 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

(c) Liquidity Risk (continued)

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Cash Flows		
Mar-21	One year or less	Two to four years	Total
	S$	S$	S$
Trade payables	31,995,582	-	31,995,582
Other payables and accruals	26,848,016	-	26,848,016
Lease liability	1,094,894	297,283	1,392,177
Employee encashment compensated absence	3,025,358	5,219,119	8,244,477
Total	62,963,850	5,516,402	68,480,252

Mar-20	One year or less	Two to four years	Total
	S$	S$	S$
Trade payables	12,800,852	-	12,800,852
Other payables and accruals	21,713,328	-	21,713,328
Lease liability	1,250,281	1,243,676	2,493,957
Employee encashment compensated absence	2,344,538	4,378,328	6,722,866
Total financial liabilities	38,108,999	5,622,004	43,731,003

(d) Fair value of financial assets and financial liabilities

The following table represents assets and liabilities measured at fair value and classified by the following 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 (is 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).

(iv) The following table present the assets measured at fair value at the reporting date:-

Mar-21	Level 1	Level 2	Level 3	Total
	S$	S$	S$	S$
Assets				
Financial assets, FVPL :-				
-Equity securities	-	-	12,664	12,664
Total assets	-	-	12,664	12,664

Mar-20	Level 1	Level 2	Level 3	Total
	S$	S$	S$	S$
Assets				
Financial assets, FVPL :-				
-Equity securities	-	-	12,664	12,664
Total assets	-	-	12,664	12,664

We have not disclosed further information based on insignificant impact on the financial statements.

	Mar-21	Mar-20
	S$	S$

30 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2021 and 31 March 2020.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and short-term deposits. Capital includes total equity.

Trade payables (Note 21)	49,252,453	25,317,824
Other payables (Note 22)	26,848,016	21,713,328
Lease liabilities (Notes 28)	1,392,177	2,493,957
Employee encashment compensated absence (Note 23)	8,244,477	6,722,866
Less: - Cash and short-term deposits (Note 12)	(3,797,892)	(3,923,216)
Net debt	81,939,231	52,324,760
Total equity	41,316,963	50,771,991
Total capital	41,316,963	50,771,991
Capital and net debt	123,256,194	103,096,751
Gearing ratio (%)	66%	51%

31 RECLASSIFICATION OF COMPARATIVE FIGURES

The following reclassification have been made to the previous year's financial statements so as to more accurately classify several items in the statement of financial position. There is no impact to the profit before tax.

	Mar-21	Mar-20 (Reclassified)	Mar-20 (Previously stated)
Statement of financial position		S$	S$
Current asset			
Inventory (Note 14)	756,302	8,110	-
Other receivables, deposits and prepayments (Note 15)	29,641,529	31,013,055	31,021,165

32 EVENTS OCCURING AFTER REPORTING DATE

There have been no significant subsequent events since the year ended 31 March 2021 that would have material impact on the statement of financial position of the Company as shown in these financial statements.

The recent outbreak of COVID19 (Coronavirus) continues to impact the global economy and markets. At this time, the impact of the outbreak on our business has been limited as delivery of our services is uninterrupted, and we have currently not witnessed significant changes in demand, whereas our service delivery is intact and our liquidity remains healthy. However, going forward the COVID19 outbreak may negatively impact amongst others our, workforce, operations, and market demand and liquidity. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders.