

**RAMCO SYSTEMS PTE. LTD.**  
(Incorporated in the Republic of Singapore)  
(Registration Number: 199507354G)

**FINANCIAL STATEMENTS**  
**YEAR ENDED**  
**31 MARCH 2019**



**ROHAN • MAH & PARTNERS LLP**  
Chartered Accountants, Singapore

## **RAMCO SYSTEMS PTE. LTD.**

(Incorporated in the Republic of Singapore)

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### **Directors**

Harsha Vardhan Gangiseti (Appointed on 5 April 2019)  
Iyengar Vijaykumar Gopalan (Resigned on 5 April 2019)  
Pusapadi Ramasubramania Raja Venketrama Raja  
Ravikula Chandran Ramamurthy

### **Secretaries**

Kong Yuh Ling Doreen  
Nur Iman Binte Rohan

### **Registered Office**

8 Shenton Way  
AXA Tower  
#21-07

Singapore 068811

### **Auditor**

Rohan • Mah & Partners LLP

### **Banker**

DBS Bank Ltd

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## **DIRECTORS' STATEMENT**

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The directors are pleased to present their statement to the members together with the audited financial statements of Ramco Systems Pte. Ltd. (the "Company") for the financial year ended 31 March 2019.

### **1 OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, as the ultimate holding corporation has given written confirmation of its continuing financial support for the Company, there are reasonable grounds to believe that the Company will be able to pay its debt as and when they fall due.

### **2 DIRECTORS**

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

Harsha Vardhan Gangiseti  
Pusapadi Ramasubramania Raja Venketrama Raja  
Ravikula Chandran Ramamurthy

### **3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

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

### **4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

According to the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the Act), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	<b>Direct interest</b>		<b>Deemed interest</b>	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
<b>Ordinary shares of the ultimate holding corporation</b>				
<b>- Ramco Systems Limited</b>				
Pusapadi Ramasubramania Raja				
Venketrama Raja	3,353,366	3,353,366	11,902	11,902
Ravikula Chandran Ramamurthy	42,455	42,455	-	-

**DIRECTORS' STATEMENT**

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**5 SHARE OPTIONS**

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


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

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

**6 AUDITOR**

The auditor, Messrs. Rohan • Mah & Partners LLP has expressed its willingness to accept re-appointment.

**ON BEHALF OF THE BOARD OF DIRECTORS**



.....  
**Pusapadi Ramasubramania Raja Venketrama Raja**  
Director



.....  
**Ravikula Chandran Ramamurthy**  
Director

Singapore,

**15 MAY 2019**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**RAMCO SYSTEMS PTE. LTD.**

(Incorporated in the Republic of Singapore)

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Ramco Systems Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (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.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2.2 of the financial statements with respect to the Company's ability to continue as a going concern. The Company incurred a net loss during the year ended 31 March 2019 and, as of that date, the Company's current liabilities exceeded the current assets, and the accumulated losses exceeded the share capital, respectively as at 31 March 2019. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The validity of the going concern basis on which the financial statements are prepared depends on management's assessment of the Company's ability to operate as a going concern as set forth in Note 2.2 to the financial statements. In the event that the Company is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Our opinion is not modified in respect of this matter.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **RAMCO SYSTEMS PTE. LTD.**

(Incorporated in the Republic of Singapore)

#### **Going Concern Basis of Accounting**

The material uncertainty identified above does not indicate that the going concern basis of accounting is inappropriate. The Company's financial statements have been prepared using the going concern basis of accounting. The use of the going concern basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

#### **Other Information**

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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

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



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

### **RAMCO SYSTEMS PTE. LTD.**

(Incorporated in the Republic of Singapore)

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**RAMCO SYSTEMS PTE. LTD.**

(Incorporated in the Republic of Singapore)

**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.

*Rohan. Mah & Partners LLP*

**ROHAN • MAH & PARTNERS LLP**  
**Public Accountants and**  
**Chartered Accountants**

Singapore  
15 May 2019  
(RK/MA./SR/KS/CT/MJ/KN/ccy)



**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

	Note	2019 S\$	2018 S\$
<b>ASSETS LESS LIABILITIES</b>			
<b>Non-Current Assets</b>			
Plant and equipment	3	<u>176,478</u>	<u>128,706</u>
<b>Current Assets</b>			
Trade and other receivables	4	4,530,413	4,978,448
Contract assets	6	10,711,149	6,053,437
Cash and cash equivalents	7	<u>2,227,552</u>	<u>1,925,549</u>
		<u>17,469,114</u>	<u>12,957,434</u>
<b>Current Liabilities</b>			
Trade and other payables	8	21,442,202	12,235,994
Contract liabilities	9	1,630,825	1,203,111
Current tax liabilities		<u>10,870</u>	<u>-</u>
		<u>23,083,897</u>	<u>13,439,105</u>
<b>Net Current Liabilities</b>		<u>(5,614,783)</u>	<u>(481,671)</u>
<b>Net Liabilities</b>		<u>(5,438,305)</u>	<u>(352,965)</u>
<b>Capital and reserve attributable to equity holders of the Company</b>			
Share capital	10	23,470,000	23,470,000
Translation reserves		(5,719)	(13,518)
Accumulated losses		<u>(28,902,586)</u>	<u>(23,809,447)</u>
		<u>(5,438,305)</u>	<u>(352,965)</u>

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 S\$	2018 S\$
<b>Continuing operations</b>			
Revenue	11	13,839,942	9,502,173
Cost of sales	12	<u>(12,469,530)</u>	<u>(9,422,508)</u>
<b>Gross profit</b>		1,370,412	79,665
Other income	13	718,516	1,158,021
Administration expenses	14	(6,380,457)	(7,620,871)
Finance costs	16	(566,936)	(892,032)
Other operating expenses	17	<u>(139,449)</u>	<u>(128,229)</u>
<b>Loss before taxation</b>		<u>(4,997,914)</u>	<u>(7,403,446)</u>
Taxation	18	<u>(95,225)</u>	<u>(30,820)</u>
<b>Loss from continuing operations</b>		<u>(5,093,139)</u>	<u>(7,434,266)</u>
<b>Loss for the year</b>		<u>(5,093,139)</u>	<u>(7,434,266)</u>
<b>Other comprehensive income/(loss)</b>			
Currency translation differences		<u>7,799</u>	<u>(20,173)</u>
<b>Other comprehensive income/(loss), net of tax</b>		<u>7,799</u>	<u>(20,173)</u>
<b>Total comprehensive loss</b>		<u>(5,085,340)</u>	<u>(7,454,439)</u>
<b>Loss attributable to:</b>			
Equity holders of the Company		<u>(5,093,139)</u>	<u>(7,434,266)</u>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		<u>(5,085,340)</u>	<u>(7,454,439)</u>

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

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019**

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	Share Capital S\$	Translation Reserve S\$	Accumulated Losses S\$	Total S\$
As at 1 April 2017	11,175,000	6,655	(16,375,181)	(5,193,526)
Issuance of shares (Note 10)	12,295,000	-	-	12,295,000
Total comprehensive loss for the year	<u>-</u>	<u>(20,173)</u>	<u>(7,434,266)</u>	<u>(7,454,439)</u>
As at 31 March 2018	23,470,000	(13,518)	(23,809,447)	(352,965)
Total comprehensive income/ (loss) for the year	<u>-</u>	<u>7,799</u>	<u>(5,093,139)</u>	<u>(5,085,340)</u>
As at 31 March 2019	<u>23,470,000</u>	<u>(5,719)</u>	<u>(28,902,586)</u>	<u>(5,438,305)</u>

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

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019**

	2019 S\$	2018 S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,997,914)	(7,403,446)
Adjustments for:		
Allowance for doubtful debts and bad debts	747,182	541,576
Depreciation of plant and equipment	139,449	128,229
Interest expenses	566,936	892,032
Operating loss before working capital changes	(3,544,347)	(5,841,609)
Trade and other receivables and contract assets	(6,212,263)	(3,746,191)
Trade and other payables and contract liabilities	1,368,567	(75,272)
Cash used in from operations	(8,388,043)	(9,663,072)
Withholding tax paid	(108,758)	(37,938)
Taxation paid	(18)	(49,711)
Net cash used in operating activities	(8,496,819)	(9,750,721)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(187,221)	(60,547)
Amount due from ultimate holding corporation - non-trade	-	(29,098)
Prepaid license fee to ultimate holding corporation	1,255,405	-
Amounts due from related corporation - non-trade	-	(290,195)
Net cash generating from/(used in) investing activities	1,068,184	(379,840)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of shares	-	3,766,000
Loan from ultimate holding corporation	6,313,122	5,927,963
Loan from related corporations	1,409,717	(25,379)
Amount due to related corporation - non-trade	-	18,331
Net cash generated from financing activities	7,722,839	9,686,915
<b>Net increase/(decrease) in cash and bank balances</b>	294,204	(443,646)
<b>Effects of foreign currency translation</b>	7,799	(20,173)
<b>Cash and bank balances at beginning of year</b>	1,925,549	2,389,368
<b>Cash and bank balances at end of year (Note 7)</b>	2,227,552	1,925,549

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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

**1 CORPORATE INFORMATION**

Ramco Systems Pte. Ltd. is a limited liability company incorporated in Singapore with its registered office at 8 Shenton Way #21-07, AXA Tower, Singapore 068811 and the principal place of business at 79 Anson Road, #15-04/05, Singapore 079906.

The Company is a wholly-owned subsidiary of Ramco Systems Limited, a company incorporated in India, which is also the Company's ultimate holding corporation. Related corporations in these financial statements refer to the members of the ultimate holding corporation's group of company.

The principal activities of the Company are to carry on the business pertaining to, or connected with, and involving information technology and software. There have been no significant changes in the nature of these activities during the financial year.

The Company has 1 branch operating in Hong Kong. The registered office of the Hong Kong Branch is 11/F Kwan Chart Tower, 6 Tonnochy Road, Wanchai, Hong Kong and its place of business is 7/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. Its principal activities is to engage in the business pertaining to, or connected with, and involving information technology and software.

The financial statements of the Company for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors on 15 May 2019.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of Preparation**

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements, expressed in Singapore Dollar (SGD or S\$) are prepared based on the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There are no critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgment or complexity except as disclosed in Note 23.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.1 Basis of Preparation - cont'd**

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or before 1 April 2018. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years or in the year of initial adoption.

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2018, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
FRS 116 Leases	1 Jan 2019
Amendments to FRS 109: Prepayment features with negative compensation	1 Jan 2019
Amendments to FRS 28: Long-term interests in Associates and Joint Ventures	1 Jan 2019
INT FRS 123: Uncertainty over Income Tax treatments	1 Jan 2019
Annual Improvements to FRS (March 2018)	1 Jan 2019

Except for FRS 116, an impact analysis needs to be carried out, the Company expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below:

**FRS 116 Leases**

FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-to-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-to-use asset.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.2 Going Concern**

The Company incurred a net loss during the year ended 31 March 2019 and, as of that date, the Company's current liabilities exceeded the current assets, and the accumulated losses exceeded the paid-up capital. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability as a going concern. The ability of the Company to continue as a going concern depends on the ultimate holding company undertaking to provide continued financial support and not to recall amounts due to them until all creditors have been paid.

The financial statements have been prepared on a going concern basis, as the ultimate holding company, has agreed to provide continuing financial support as deemed fit and necessary to the Company. If the financial support is not forthcoming and as a result, the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of the business and at amounts which could differ significantly from the amounts stated in the statement of financial position. In addition, the Company may have to provide further liabilities which may arise, and to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

**2.3 Plant and Equipment**

**2.3.1 Measurement**

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

**2.3.2 Components of Costs**

The cost of an item of plant and equipment includes its purchase price and any cost that is 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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.3 Plant and Equipment - cont'd**

**2.3.3 Depreciation**

Depreciation on plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives of 3 years.

**2.3.4 Subsequent Expenditure**

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the profit or loss during the financial period in which it is incurred.

**2.3.5 Disposal**

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

**2.4 Impairment of Non-Financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.



**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.4 Impairment of Non-Financial Assets - cont'd**

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost of disposal its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in statement of profit or loss

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statement of profit or loss.

**2.5 Financial Instrument**

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

**2.5.1 Financial Assets**

**Initial Recognition and Measurement**

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.5 Financial Instrument - cont'd**

**2.5.1 Financial Assets - cont'd**

**Subsequent Measurement**

*Investments in Debt Instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

*Investment in Equity Instruments*

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

**Derecognition**

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.5 Financial Instrument - cont'd**

**2.5.2 *Financial Liabilities***

**Initial Recognition and Measurement**

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

**Subsequent Measurement**

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged and cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

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

**2.5.3 *Financial Assets***

**Initial Recognition and Measurement**

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVPL, directly attributable transaction costs.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.5 Financial Instrument - cont'd**

**2.5.3 Financial Assets - cont'd**

**Subsequent Measurement**

*Loans and Receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash at banks and on hand.

*Available-for-sale Financial Assets*

Available-for-sale financial assets are those non-derivative financial assets which are not classified as held-to-maturity investments, loans and receivables or financial assets at FVPL.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

**Derecognition**

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.5 Financial Instrument - cont'd**

**2.5.4 *Financial Liabilities***

**Initial Recognition and Measurement**

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

**Subsequent Measurement**

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

**Derecognition**

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

**2.6 Impairment of Financial Assets**

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

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

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.6 Impairment of Financial Assets - cont'd**

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

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

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Financial Assets Carried at Amortised Cost**

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.6 Impairment of Financial Assets - cont'd**

**Financial Assets Carried at Amortised Cost - cont'd**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**2.7 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and bank deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.8 Share Capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.9 Revenue Recognition**

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

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**2.9.1 Services**

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 and 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 standalone selling prices of the promised goods and services. The individual standalone selling price of a good and 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 services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

A contract asset is recognised for the cumulative revenue recognised but not yet invoiced whilst a contract liability is recognised for advance payments from customers which the Company needs to perform work to satisfy the performance obligations.

**2.9.2 License Fees**

License fee revenue is recognised on delivery of the software.



**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.9 Revenue Recognition - cont'd**

**2.9.3 *Implementation Fees***

Implementation contracts are either milestones based or time and material based.

In case of milestone contract, revenue is recognised upon achievement of the milestones as per the terms of the contract.

In case of time and material contracts, revenue is recognised based on billable time spent in the project, priced at the contractual rate.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

**2.9.4 *Annual Maintenance Contract***

Revenue from maintenance services is recognised on a pro-rata basis over the period of the contract.

**2.10 Fair Value Estimation**

The fair values of financial instruments traded in active markets are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by the Company are the current bid prices; the appropriate quoted market prices for financial liabilities are the current ask prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used where appropriate. Other techniques, such as estimated discounted cash flows, are also used to determine the fair values of the financial instruments.

The carrying amounts of current receivables and payables are assumed to approximate their fair values. The fair values of non-current receivables for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Company for similar financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.11 Foreign Currency**

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**2.12 Related Parties**

A related party 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 or joint venture of the other entity (or and 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); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.13 Provisions**

**2.13.1 General**

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.14 Leases**

**2.14.1 As Lessee**

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, of there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**2.15 Employee Benefits**

**2.15.1 Defined Contribution Pension Costs**

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.15 Employee Benefits**

**2.15.2 Short-term Employee Benefits**

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 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.

**2.16 Taxes**

**2.16.1 Current Income Tax**

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**2.16.2 Deferred Tax**

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.16.3 Goods and Service Tax (GST)**

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

- (a) where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (b) receivables and payables that are stated with the amount of GST included.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - cont'd**

**2.16 Taxes - cont'd**

**2.16.3 Goods and Service Tax (GST) - cont'd**

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

**2.17 Government Grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**3 PLANT AND EQUIPMENT**

2019	Capital Work-in- Progress S\$	Office Equipment S\$	Computer S\$	Total S\$
<b>Cost</b>				
At beginning of year	29,629	373,424	130,060	533,113
Additions	-	150,924	36,297	187,221
Reclassification	(29,629)	29,629	-	-
At end of year	<u>-</u>	<u>553,977</u>	<u>166,357</u>	<u>720,334</u>
<b>Accumulated Depreciation</b>				
At beginning of year	-	310,523	93,884	404,407
Depreciation	-	110,371	29,078	139,449
At end of year	<u>-</u>	<u>420,894</u>	<u>122,962</u>	<u>543,856</u>
<b>Carrying Amount</b>				
At end of year	<u>-</u>	<u>133,083</u>	<u>43,395</u>	<u>176,478</u>
<b>2018</b>				
<b>Cost</b>				
At beginning of year	-	369,624	102,942	472,566
Additions	29,629	3,800	27,118	60,547
At end of year	<u>29,629</u>	<u>373,424</u>	<u>130,060</u>	<u>533,113</u>
<b>Accumulated Depreciation</b>				
At beginning of year	-	212,767	63,411	276,178
Depreciation	-	97,756	30,473	128,229
At end of year	<u>-</u>	<u>310,523</u>	<u>93,884</u>	<u>404,407</u>
<b>Carrying Amount</b>				
At end of year	<u>29,629</u>	<u>62,901</u>	<u>36,176</u>	<u>128,706</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**4 TRADE AND OTHER RECEIVABLES**

	2019 S\$	2018 S\$
Trade receivables	2,442,134	2,028,630
Amount due from related corporations - trade	807,473	136,672
Amount due from ultimate holding corporation - trade	401,643	29,098
Less: Allowance for doubtful debt		
At beginning of year	15,155	6,887
Allowance during the year	132,490	8,268
At end of year	147,645	15,155
	3,503,605	2,179,245
Other receivables (Note 5)	1,026,808	2,799,203
	4,530,413	4,978,448

Trade receivables are non-interest bearing and are generally on 0 to 120 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The maximum exposure of credit risk for trade receivables at the reporting date is S\$3,503,605 (2018: S\$2,179,245).

The aging of trade receivables at the reporting date is:

	Gross 2019 S\$	Impairment losses 2019 S\$	Gross 2018 S\$	Impairment losses 2018 S\$
Current	605,396	1,990	977,267	6,062
Past due 1 - 30 days	1,433,353	31,436	195,488	1,460
Past due 31 - 90 days	498,239	5,994	507,764	3,793
More than 90 days	1,114,262	108,225	513,881	3,840
	3,651,250	147,645	2,194,400	15,155

Based on historical default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due and past due up to more than 120 days. These receivables are mainly arising from corporations that have a good record with the Company.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**5 OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Amount due from related corporations - non-trade	218,322	218,322
Advances to staffs*	227,565	341,500
Deposits	191,622	147,645
Prepaid license fee to ultimate holding corporation	-	1,255,405
Prepayments	86,395	129,467
Tax advances	41,828	22,149
Unbilled interest	8,174	-
Other receivables^	252,902	684,715
	<u>1,026,808</u>	<u>2,799,203</u>

\* These are advanced salaries given to staffs upon request. The amounts are deducted from the staffs' salaries in monthly instalments. They are non-interest bearing and unsecured.

^ These are grant receivables from the Economic Development Board for the expenses incurred with respect to the project on the development of Ramco Systems - Establishment of Ramco Aviation Design & Analytics Research ("RADAAR") Centre (Note 13).

Amount due from related corporations - non-trade are unsecured, interest-free and repayable on demand.

**6 CONTRACT ASSETS**

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Contract assets	11,389,853	6,642,090
Less: Allowance for doubtful debt		
At beginning of year	588,653	55,345
Allowance during the year	90,051	533,308
At end of year	678,704	588,653
	<u>10,711,149</u>	<u>6,053,437</u>

Contract assets comprise unbilled revenue out of license and services and other recoverables from customers for which the Company has performed work at reporting date, but the agreed billing milestones have not been reached. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.



**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**6 CONTRACT ASSETS - cont'd**

Management estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the relevant customers' industry.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

**7 CASH AND CASH EQUIVALENTS**

	2019 S\$	2018 S\$
Cash in hand	180	574
Cash at bank	2,227,372	1,924,975
	<u>2,227,552</u>	<u>1,925,549</u>

**8 TRADE AND OTHER PAYABLES**

	2019 S\$	2018 S\$
Amount due to ultimate holding corporation - trade	4,042,983	3,506,518
Amount due to related corporations - trade	315,668	99,501
Accrued operating expenses	1,734,722	1,623,118
Advances from customer **	2,115,059	1,901,208
Deferred interest	5,171	97,129
GST payable	32,194	15,470
Loans from related corporations	5,359,878	3,725,103
Loans from holding corporation	7,665,000	1,010,000
Other creditors	171,527	257,947
	<u>21,442,202</u>	<u>12,235,994</u>

Trade and other payables are non-interest bearing. Trade payables are normally settled on 60 days terms while other payables have an average term of nine months.

Loans from holding corporation is unsecured, bore interest at a rate of 9.85% (2018: 12.5%) per annum and is repayable on demand.

Loans from related corporations are unsecured, bore interest at a rate of 5% (2018: 5%) per annum and is repayable on demand.

Amount due to related corporation - non-trade are unsecured, interest-free and repayable on demand.

\*\* This pertains to advances received for payroll services.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**9 CONTRACT LIABILITIES**

	2019 S\$	2018 S\$
Contract liabilities	<u>1,630,825</u>	<u>1,203,111</u>

Contract liabilities arise from advance payments from customers. In the case of services, such advances arise when a particular milestone payment exceeds the work done to date.

**10 SHARE CAPITAL**

	2019		2018	
	No. of shares	S\$	No. of shares	S\$
Ordinary shares issued and fully paid:				
At beginning of year	23,470,000	23,470,000	11,175,000	11,175,000
Issuance of share <sup>^</sup>	-	-	<u>12,295,000</u>	<u>12,295,000</u>
At end of year	<u>23,470,000</u>	<u>23,470,000</u>	<u>23,470,000</u>	<u>23,470,000</u>

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

<sup>^</sup> In 2018, S\$8,529,000 was converted to shares from loan from holding company.

**11 REVENUE**

	2019 S\$	2018 S\$
Annual maintenance contract	2,134,385	1,733,545
Business process outsourcing	792,534	640,194
Implementation service fee	3,797,842	3,487,005
License fees	5,934,702	3,146,319
Royalty income	180,624	-
Service income	<u>999,855</u>	<u>495,110</u>
	<u>13,839,942</u>	<u>9,502,173</u>

The majority of the revenue are recognised point in time, with revenue recognised over time contributing less than 30% of the total revenue.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**11 REVENUE - cont'd**

**Transaction price allocated to remaining performance obligations**

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 March 2019 is S\$2,500,077. The Company expects to recognise S\$2,500,077 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 March 2019 in the financial year 2020.

**12 COST OF SALES**

	2019 S\$	2018 S\$
License fee	1,255,405	3,012,972
Royalties	3,215,037	2,211,713
Staff costs (Note 15)	5,105,770	2,442,774
Subcontract charges	579,410	414,771
Transfer pricing	2,313,908	1,340,278
	<u>12,469,530</u>	<u>9,422,508</u>

**13 OTHER INCOME**

	2019 S\$	2018 S\$
Government grant <sup>^</sup>	443,947	957,751
Interest income	211,270	109,784
Other services income	63,299	90,486
	<u>718,516</u>	<u>1,158,021</u>

<sup>^</sup> The government grant include grant receivables from the Economic Development Board amounting to S\$ 252,902 (2018: S\$684,715) (Note 5).

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**14 ADMINISTRATION EXPENSES**

Administration expenses include:

	2019 S\$	2018 S\$
Bad debt	524,641	-
Doubtful debt	222,541	541,576
Foreign exchange loss	61,775	399,103
Travelling expenses	818,230	818,969
Selling expense	333,961	298,661
Staff benefits	101,023	113,629
Staff costs (Note 15)	<u>1,589,324</u>	<u>3,644,352</u>

**15 STAFF COSTS**

	2019 S\$	2018 S\$
Salaries and related costs	6,446,279	5,794,947
Defined contribution pension costs	<u>248,815</u>	<u>292,179</u>
	6,695,094	6,087,126
Less:		
Included in cost of sales (Note 12)	<u>(5,105,770)</u>	<u>(2,442,774)</u>
Included in administration expenses (Note 14)	<u>1,589,324</u>	<u>3,644,352</u>

**16 FINANCE COST**

	2019 S\$	2018 S\$
Interest on loan	<u>566,936</u>	<u>892,032</u>

**17 OTHER OPERATING EXPENSES**

	2019 S\$	2018 S\$
Depreciation	<u>139,449</u>	<u>128,229</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**18 TAXATION**

Major components of income tax expense are as follows:

	2019 S\$	2018 S\$
Current year taxation	10,888	-
Overprovision of prior year tax	-	(7,118)
Foreign withholding tax	84,337	37,938
	<u>95,225</u>	<u>30,820</u>

A reconciliation between the tax expense and the product of accounting profit and loss multiplied by the applicable tax rate are as follows:

	2019 S\$	2018 S\$
Loss before taxation	<u>(4,997,914)</u>	<u>(7,403,446)</u>
Tax expense on loss before taxation at 17%	(849,645)	(1,258,586)
Adjustments:		
Tax exemption	(11,435)	-
Deferred tax not recognised	1,410	-
Effect of foreign tax rates	(682)	119
Foreign withholding tax	84,337	37,938
Non-deductible expenses	244,314	21,799
Under provision of prior year tax	-	(7,118)
Utilisation of tax losses	(1,945)	-
Unutilised tax losses	628,907	1,236,668
Other	(36)	-
Tax expense	<u>95,225</u>	<u>30,820</u>

**Unrecognised deferred tax assets:**

Deferred tax assets in respect of the following items have not been recognised in the financial statements as the probability of future taxable profits being available to utilise such benefits cannot be reliably established:

	2019 S\$	2018 S\$
Differences in tax written down value and net book value of plant and equipment	111,761	47,604
Unutilised tax losses	3,094,321	2,465,414
	<u>3,206,082</u>	<u>2,513,018</u>

The Company's unutilised tax losses are available for offset against future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the Singapore Income Tax Act, Chapter 134.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**19 OPERATING LEASE COMMITMENTS**

**Operating lease commitment - as lessee**

Rental expenses (principally for office and residential guest house rentals) for the year ended 31 March 2019 were S\$453,467 (2018: S\$402,229). Future minimum rentals under non-cancellable leases are as follows as of 31 March 2019:

	2019 S\$	2018 S\$
<b>Payable:</b>		
Within 1 year	669,755	488,349
Within 2 to 5 years	239,403	638,816
	<u>909,158</u>	<u>1,127,165</u>

**20 SIGNIFICANT RELATED PARTIES TRANSACTIONS**

Significant related party transactions on terms agreed between the Company and its related parties are as follows:

	2019 S\$	2018 S\$
<b>Ultimate Holding Corporation</b>		
Royalty fees	3,215,037	2,211,713
Hosting expense	402,534	362,228
License cost	1,255,405	3,012,972
Overseas manpower cost	344,309	190,556
Prepaid usage fees	-	1,255,405
Travelling expenses	755,424	347,061
Manpower and travel recovery	(673,317)	(29,098)
Marketing expenses	18,473	393
Interest on loan	341,878	723,087
Transfer pricing	<u>2,313,908</u>	<u>1,340,279</u>
<b>Related Corporations</b>		
Royalty income	(180,624)	-
Interest on loan	225,058	168,945
Manpower and travel recovery	<u>(406,050)</u>	<u>(505,566)</u>

Key management personnel compensation for the financial year is as follows:

	2019 S\$	2018 S\$
Other Key Management		
Remuneration	<u>1,308,877</u>	<u>1,469,817</u>

Other key management personnel are senior personnel reporting directly to the directors.

Balances with related parties at the reporting date are set out in Note 4, 5 and 8.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**21 FINANCIAL RISK MANAGEMENT**

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

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

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

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

**Credit Risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. The Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 120 days.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**21 FINANCIAL RISK MANAGEMENT - cont'd**

**Credit Risk - cont'd**

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL



**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**21 FINANCIAL RISK MANAGEMENT - cont'd**

**Credit Risk - cont'd**

**Trade receivables (Note 4)**

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL 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 trade receivables is presented based on their past due status in terms of the provision matrix.

*Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's and the Company's performance to developments affecting a particular industry.

*Exposure to credit risk*

As at reporting date, 32% (2018: 33%) of the Company's trade and other receivables are due from its holding and related corporations.

See Note 4 for more disclosure on credit risk.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**21 FINANCIAL RISK MANAGEMENT - cont'd**

**Foreign Currency Risk**

Foreign currency risk arises from change in foreign exchange rates that may have an adverse effect on the Company in the current reporting period and in the future years. The Company relies on natural hedges of matching foreign currency denominated assets and liabilities. Consistent effort has also been employed by the company to keep track of exchange rate fluctuations such that funds are converted at favourable exchange rates.

The Company's exposure to foreign currencies is as follows:

	CHF S\$	CNY S\$	EUR S\$	IDR S\$	PHP S\$	USD S\$
<b>2019</b>						
Trade and other receivables	-	239,090	8,355	1,196,797	492,860	11,093,871
Cash and cash equivalent	-	-	-	-	-	3,165
Trade and other payables	(1,156,892)	-	-	(231,000)	(34,609)	(4,222,066)
	<u>(1,156,892)</u>	<u>239,090</u>	<u>8,355</u>	<u>965,797</u>	<u>458,251</u>	<u>6,874,970</u>
<b>2018</b>						
Trade and other receivables	-	69,289	8,933	1,243,654	-	6,738,615
Cash and cash equivalent	-	-	-	-	-	9,469
Trade and other payables	(1,410,589)	-	-	(334,905)	(19,549)	(2,347,550)
	<u>(1,410,589)</u>	<u>69,289</u>	<u>8,933</u>	<u>908,749</u>	<u>(19,549)</u>	<u>4,400,534</u>

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**21 FINANCIAL RISK MANAGEMENT - cont'd**

**Foreign Currency Risk - cont'd**

*Sensitivity analysis*

A 5% strengthening of Singapore Dollar against the following currencies at the reporting date would increase/(decrease) equity and profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>Profit or loss (before tax ) S\$</b>
<b>2019</b>	
Chinese Yuan	(11,955)
Euro	(418)
Indonesian Rupiah	(48,290)
Philippine Peso	(22,913)
Swiss Franc	57,845
United States Dollar	(343,749)
	<u>(369,480)</u>
<b>2018</b>	
Chinese Yuan	(3,464)
Euro	(447)
Indonesian Rupiah	(45,437)
Philippine Peso	977
Swiss Franc	70,529
United States Dollar	(220,027)
	<u>(197,870)</u>

A 5% weakening of Singapore Dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**21 FINANCIAL RISK MANAGEMENT - cont'd**

**Interest Rate Risk - cont'd**

The tables below set out the Company's exposure to interest rate risks. Included in the tables are the assets at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Variable Rates	Fixed Rates			Total S\$
	Less than 1 year S\$	Less than 1 year S\$	2 to 5 years S\$	Over 5 years S\$	
<b>2019</b>					
<b>Liabilities</b>					
Loans from ultimate holding corporation	-	(7,665,000)	-	-	(7,665,000)
Loans from related corporations	-	(5,359,878)	-	-	(5,359,878)
<b>Total</b>	<u>-</u>	<u>(13,024,878)</u>	<u>-</u>	<u>-</u>	<u>(13,024,878)</u>
<b>2018</b>					
<b>Liabilities</b>					
Loans from ultimate holding corporation	-	(1,010,000)	-	-	(1,010,000)
Loans from related corporations	-	(3,725,103)	-	-	(3,725,103)
<b>Total</b>	<u>-</u>	<u>(4,735,103)</u>	<u>-</u>	<u>-</u>	<u>(4,735,103)</u>

*Sensitivity analysis*

An increase in 100 basis point ("bp") (1%) in interest rate at the reporting date would increase/(decrease) equity and profit or loss (before tax) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rate, remain constant.

	Profit or loss (before tax) S\$
<b>2019</b>	
Loans from holding corporation	(76,650)
Loans from related corporations	(53,599)
	<u>(130,249)</u>
<b>2018</b>	
Loans from holding corporation	(10,100)
Loans from related corporations	(37,251)
	<u>(47,351)</u>

A decrease in 100 bp (1%) would have had the equal but opposite effect as shown above, on the basis that all other variables remain constant.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**21 FINANCIAL RISK MANAGEMENT - cont'd**

**Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalent.

No maturity analysis is presented as all financial assets and liabilities are due within 12 months.

**22 FAIR VALUE**

**Cash and cash equivalents, other receivables and other payables**

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

**Trade receivables and trade payables**

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

**Loan from the ultimate holding corporation and related corporations**

The carrying amounts of loan to the holding corporation and related corporations approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

**23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT**

Estimates and judgement 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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Estimated Useful Life for Plant and Equipment**

Estimated useful life for plant and equipment is based on the Company's assessment of the expected usage of the asset and expect wear and tear of the asset. The depreciation is charged against the fixed assets to show utilisation of the assets. The estimation of depreciation and useful life requires use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of plant and equipment and depreciation expenses in the period in which such estimates has been changed.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**23 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT - cont'd**

**Depreciation of Plant and Equipment**

Plant, property and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant, property and equipment to be 3 years. The carrying amount of the Company's plant, property and equipment as at 31 March 2019 is S\$139,449 (2018: S\$128,229). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised.

**Provision for Expected Credit Losses of Trade Receivables**

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 4.

The carrying amount of the Company's trade receivables as at 31 March 2019 was \$3,503,605 (2018: S\$2,179,245).

**Tax on Other Jurisdictions**

The Company has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Company provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

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**24 CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to maximise shareholder's value.

The Company manages its capital structure and make adjustments to it, in light of changes in the working capital requirements, business performance and economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2019 and 31 March 2018.

The Company will continue to be guided by prudent financial policies of which gearing is an important aspects. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Net debts	20,845,475	11,513,556
Total equity	<u>(5,438,305)</u>	<u>(352,965)</u>
Total capital	<u>15,407,170</u>	<u>11,160,591</u>
Gearing ratio	<u>1.35</u>	<u>1.03</u>

The Company does not have any externally imposed capital requirements for the financial year ended 31 March 2019 and 31 March 2018.

**25 COMMITMENT**

The Company had commitments of Nil (2018: S\$141,785) relating to the renovation work of an extended office space.

**26 EVENT OCCURRING AFTER THE FINANCIAL YEAR**

On 3 May 2019, the Company formally established and registered a 100% wholly owned subsidiary in Macau.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**27 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified so as to conform to the current financial year presentation.

The Company has recognised the change and the effects of these adjustments are as follows:

	Balance as previously stated S\$	Reclassification S\$	Balance restated S\$
<b>The Company</b>			
<b>Statement of Financial Position as at 31 March 2018</b>			
<b>Current Assets</b>			
Amount due from related corporations - trade	-	136,669	136,669
Amount due from holding corporation - trade	-	29,098	29,098
Amount due from holding corporation - non-trade	29,098	(29,098)	-
Amount due from related corporations - non-trade	354,994	(136,672)	218,322
GST receivable	13,446	(13,446)	-
Unbilled revenue	6,053,437	(6,053,437)	-
Contract assets	-	6,053,437	6,053,437
<b>Current Liabilities</b>			
Amount due to related corporations - non-trade	99,501	(99,501)	-
Amount due to related corporations - trade	-	99,501	99,501
GST payable	28,916	(13,446)	15,470
Unearned revenue	1,557,887	(1,557,887)	-
Contract liabilities	-	1,557,887	1,557,887
<b>Statement of Profit or Loss and Other Comprehensive Income for year end 31 March 2018</b>			
<b>Revenue</b>			
Annual maintenance contract	1,440,913	292,632	1,733,545
Cloud services	292,632	(292,632)	-
Implementation service fee	2,332,261	1,154,744	3,487,005
Services change request	1,154,744	(1,154,744)	-
Service income	-	495,110	495,110



**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019**

**27 COMPARATIVE FIGURES - cont'd**

	Balance as previously stated S\$	Prior year adjustment S\$	Balance restated S\$
<b>Statement of Profit or Loss and Other Comprehensive Income for year end 31 March 2018</b>			
<b>Cost of Sales</b>			
License fee	-	3,012,972	3,012,972
Subcontract charges	-	414,771	414,771
	<u>-</u>	<u>414,771</u>	<u>414,771</u>
<b>Other Income</b>			
Other service income	495,110	(495,110)	-
	<u>495,110</u>	<u>(495,110)</u>	<u>-</u>
<b>Administrative Expenses</b>			
Interest on loan	892,032	(892,032)	-
License fee	3,012,972	(3,012,972)	-
Subcontract charges	414,771	(414,771)	-
	<u>414,771</u>	<u>(414,771)</u>	<u>-</u>
<b>Finance Costs</b>			
Interest on loan	-	892,032	892,032
	<u>-</u>	<u>892,032</u>	<u>892,032</u>

**28 EXPLANATION OF ADOPTION OF NEW STANDARDS**

The Company applied the following standards that are mandatorily effective for annual periods beginning on and after 31 March 2018:

- (a) FRS 115 Revenue from Contracts with Customers
- (b) FRS 109 Financial Instruments
- (c) Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- (d) INT FRS 122: Foreign currency transactions and advance considerations

The application of the above standards and interpretations do not have a material effect on the financial statements.

