
NUCLEUS SOFTWARE SOLUTIONS PTE LTD
(Company Registration No. 199401311C)

Financial Statements For The Year Ended March 31, 2020

Nucleus Software Solutions Pte Ltd

(Incorporated in the Republic of Singapore)

Directors

Vishnu Rampratap Dusad

Yasmin Javeri Krishan

Secretary

Wong Lai Chee

Registered Office

300 Tampines Avenue 5

#04-06 NTUC Income Tampines Junction

Singapore 529653

Auditors

Natarajan & Swaminathan

Chartered Accountants of Singapore

1 North Bridge Road

#19-04/05 High Street Centre

Singapore 179094

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Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2020

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2020.

1 Directors

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

Vishnu Rampratap Dusad

Yasmin Javeri Krishan

2 Arrangements to enable directors to acquire shares and debentures

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

3 Directors' interest in shares and debentures

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

Name of director and companies in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<i>Holding company</i> <i>Nucleus Software Exports Limited</i> <i>Ordinary shares of INR 10 each</i>				
Vishnu Rampratap Dusad	1,603,492	1,603,492	14,066,248	14,066,248

By virtue of Section 7 of the Companies Act, he is deemed to have an interest in the Company and in all the related corporations of the Company.

4 Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares of the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2020

5 Auditors

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

6 Directors' opinion

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors

Sd/-

Vishnu Rampratap Dusad

Sd/-

Yasmin Javeri Krishan

Date: May 4, 2020

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NUCLEUS SOFTWARE SOLUTIONS PTE LTD (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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.

Sd/-

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: May 4, 2020

Nucleus Software Solutions Pte Ltd

Statement of Financial Position

As at March 31, 2020

	Note	2020	2019
		S\$	S\$
Assets			
Non-current assets			
Plant and equipment	3	180,755	23,858
Deferred tax assets	4	718	1,894
Total non-current assets		181,473	25,752
Current assets			
Trade receivables	5	2,055,958	2,247,601
Other receivables	6	74,666	93,535
Prepayments		41,079	61,195
Contract assets	7	719,235	133,127
Cash and bank balances	8	1,352,401	4,295,820
Total current assets		4,243,339	6,831,278
Total assets		4,424,812	6,857,030
Equity and liabilities			
Equity			
Share capital	9	625,000	625,000
Accumulated profits		1,338,125	3,397,432
Total equity		1,963,125	4,022,432
Non-current liabilities			
Lease liabilities	12	14,028	-
Total non-current liabilities		14,028	-
Current liabilities			
Trade payables and accruals	10	1,674,115	1,568,320
Provisions	11	143,940	139,026
Contract liabilities	7	150,465	931,621
Lease liabilities	12	121,139	-
Income tax payable		358,000	195,631
Total current liabilities		2,447,659	2,834,598
Total liabilities		2,461,687	2,834,598
Total equity and liabilities		4,424,812	6,857,030

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

Nucleus Software Solutions Pte Ltd
Statement of Comprehensive Income

For the financial year ended March 31, 2020

	Note	<u>2020</u>	<u>2019</u>
		S\$	S\$
Revenue	13	16,827,781	15,598,891
Other income	14	51,899	61,236
Other gains/(losses) - net	15	(12,836)	2,376
Consultancy and sub-contract charges		(6,603,422)	(5,066,510)
Salaries and employee benefits	16	(6,836,173)	(7,401,134)
Depreciation of plant and equipment	3	(279,790)	(11,288)
Other operating expenses		(916,323)	(1,205,212)
Finance cost	17	(25,751)	-
Profit before income tax	18	<u>2,205,385</u>	<u>1,978,359</u>
Income tax expense	19	(358,442)	(325,254)
Profit after income tax		<u>1,846,943</u>	<u>1,653,105</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,846,943</u></u>	<u><u>1,653,105</u></u>

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

Nucleus Software Solutions Pte Ltd
Statement of Changes in Equity

For the financial year ended March 31, 2020

	Note	Share capital	Accumulated profits	Total
		S\$	S\$	S\$
Balance as at 01.04.2018		625,000	2,994,327	3,619,327
Dividend paid	20	-	(1,250,000)	(1,250,000)
Total comprehensive income for the year		-	1,653,105	1,653,105
Balance as at 31.03.2019		625,000	3,397,432	4,022,432
Dividend paid	20	-	(3,906,250)	(3,906,250)
Total comprehensive income for the year		-	1,846,943	1,846,943
Balance as at 31.03.2020		625,000	1,338,125	1,963,125

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

Nucleus Software Solutions Pte Ltd

Statement of Cash Flows

For the financial year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Cash flows from operating activities		
Profit before income tax	2,205,385	1,978,359
Adjustments for:		
Allowance for doubtful debts:		
- Contract assets (outside party)	88,658	-
- Non-trade (outside party)	2,207	-
Amortisation of interest income on rental deposits	(5,235)	(4,292)
Depreciation of plant and equipment	279,790	11,288
Amortisation of deferred rent expense	5,038	4,464
Reversal of unutilised leave	4,914	(58)
Interest expense on lease liabilities	25,751	-
Interest income	(34,408)	(30,922)
Operating profit before working capital changes	2,572,100	1,958,839
Trade receivables	191,643	(86,469)
Other receivables and prepayments	37,668	112,266
Contract assets	(674,766)	381,476
Trade payables and accruals	105,795	(16,654)
Contract liabilities	(781,156)	572,899
Cash generated from operations	1,451,284	2,922,357
Interest received	34,408	30,922
Income tax paid	(194,898)	(372,476)
Net cash from operating activities	1,290,794	2,580,803
Cash flows from investing activities		
Purchase of plant and equipment	(20,445)	(16,592)
Cash restricted in use over 3 months	(442)	(237)
Net cash used in investing activities	(20,887)	(16,829)
Cash flows from financing activities		
Dividend paid	(3,906,250)	(1,250,000)
Payment of principal portion of lease liability	(307,518)	-
Net cash used in financing activities	(4,213,768)	(1,250,000)
Net (decrease)/increase in cash and cash equivalents	(2,943,861)	1,313,974
Cash and cash equivalents brought forward	4,288,966	2,974,992
Cash and cash equivalents carried forward	<u>1,345,105</u>	<u>4,288,966</u>
Cash and cash equivalents comprise:-		
Fixed deposits	802,119	3,682,533
Cash at banks	542,434	605,454
Cash in hand	552	979
	<u>1,345,105</u>	<u>4,288,966</u>

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

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

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

1 Corporate information

The Company (Registration No. 199401311C) is a private limited Company incorporated and domiciled in Singapore.

The registered office and principal place of business is at 300 Tampines Avenue 5, #04-06 NTUC Income Tampines Junction, Singapore 529653.

The principal activities of the Company are those relating to developing, producing and dealing in software systems and providing support and technical advisory and consultancy services.

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

Holding company

The Company is a wholly-owned subsidiary of "Nucleus Software Exports Limited", a listed company incorporated in India, which is also the ultimate holding company.

Representative office

The Company has representative offices at Indonesia and Philippines. The expenses incurred by representative offices have been incorporated in the financial statements.

2 Significant accounting policies

a) Basis of preparation

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

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

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

FRS 28	(Amendments)	: Long-term Interests in Associates and Joint Ventures
FRS 109	(Amendments)	: Prepayment Features with Negative Compensation
FRS 116		: Leases

2 Significant accounting policies (Cont'd)

a) Basis of preparation (Cont'd)

Improvements to FRSs

Annual Improvements to FRS (March 2018)

FRS 12 (Amendments) : Income Taxes

FRS 23 (Amendments) : Borrowing Costs

FRS 103 (Amendments) : Business Combinations

FRS 111 (Amendments) : Joint Arrangements

Adoption of new and amended standards and interpretations

FRS 116 Leases

FRS 116 supersedes FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The effect of adopting FRS 116 as at 1 April 2019 was as follows:

	<i>Increase/(decrease)</i>
	S\$
Plant and equipment	341,390
Lease liability	<u>341,390</u>

Before the adoption of FRS 116, the Company classified each of its leases (as lessee) at the inception date as an operating lease. The accounting policy prior to 1 April 2019 is disclosed in Note 2(p).

Upon adoption of FRS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 2(p). The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

2 Significant accounting policies (Cont'd)

a) Basis of preparation (Cont'd)

FRS 116 Leases (Cont'd)

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:

- right-of-use assets of S\$341,390 were recognised and presented within plant and equipment; and
- additional lease liabilities of S\$341,390 were recognised.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	S\$
Operating lease commitments as at 31 March 2019	365,065
Weighted average incremental borrowing rate as at 1 April 2019	9.3%
Discounted operating lease commitments as at 1 April 2019	<u>341,390</u>
Lease liabilities as at 1 April 2019	<u><u>341,390</u></u>

2 Significant accounting policies (Cont'd)

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

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation

The Company depreciates the plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using the straight-line method. The estimated useful life reflects the directors' estimate of the periods that the Company intends to derive future economic benefits from the use of the Company's plant and equipment. The residual values reflect the directors' estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. 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.

c) Foreign currency transactions

(i) Functional currency

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

(ii) Transactions and balances

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

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

2 Significant accounting policies (Cont'd)

c) Foreign currency transactions (Cont'd)

(ii) Transactions and balances

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

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

d) Plant and equipment

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

e) Depreciation of plant and equipment

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

Furniture & fittings	- 20%
Office equipment	- 20%
Electrical equipment	- 20%
Computer & software packages	- 33%
Office renovation	- 20%
Right-of-use assets (leasehold building)	20 to 36 months

Fully depreciated assets still in use are retained in the financial statements.

f) Impairment of non-financial assets

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

2 Significant accounting policies (Cont'd)

f) Impairment of non-financial assets

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

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

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

g) Financial instruments

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

(i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

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

2 Significant accounting policies (Cont'd)

g) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

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

Subsequent measurement

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

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

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

Financial assets at amortised cost

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

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

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

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

Derecognition

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

2 Significant accounting policies (Cont'd)

g) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Derecognition (Cont'd)

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Impairment of financial assets

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

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

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

The Company makes judgmental assessment for financial asset in default when contractual payments are past due. The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 Significant accounting policies (Cont'd)

g) Financial instruments (Cont'd)

(ii) Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade payables and accruals and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

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

Derecognition

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

h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i) Contract asset

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

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

2 Significant accounting policies (Cont'd)

j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of unpledged fixed deposit with a maturity of below 3 months, cash at banks and cash in hand.

k) Related parties

The related parties are 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, shown as related company);
- (ii) One entity is an associate or joint venture of the other entity (for 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 the third entity and the other entity is an associate of the third party;
- (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); and
- (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).

l) Contract liabilities

Contract liabilities relate to the Company's obligations to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

m) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

2 Significant accounting policies (Cont'd)

m) Revenue recognition (Cont'd)

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

The Company earns revenue primarily from software development services and product mainly for corporate business entities in the banking and financial services sector. Revenue from fixed price contracts and related customization is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.

Revenue from time and material contracts is recognised as the services are rendered.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts as receipt of consideration is conditional on successful completion of individual milestone and approval by customer. Upon completion of the customisation and implementation milestone as detailed in the contract with customer and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Advances from customers and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

n) Other income

The following income are recognised on the following basis:

- (i) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (ii) grant is recognised upon receipt.

o) Employee benefits

Retirement benefit costs

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

2 Significant accounting policies (Cont'd)

o) Employee benefits (Cont'd)

Retirement benefit costs (Cont'd)

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

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

Key management personnel

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

p) Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2(f).

The Company's right-of-use assets are presented within plant and equipment (Note 3).

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

2 Significant accounting policies (Cont'd)

p) Leases (Cont'd)

Lease liabilities (Cont'd)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are presented within lease liability (Note 12).

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

q) Finance cost

A lessee presents interest expense on the lease liability separately from the depreciation charge for the right-of-use assets. Interest expense on the lease liability is a component of finance costs, which is presented separately in the profit or loss.

r) Goods and services tax ("GST")

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

2 Significant accounting policies (Cont'd)

r) Goods and services tax ("GST") (Cont'd)

- 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
- Receivables and payables that are stated with the amount of GST included.

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.

s) Income tax

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

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

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

3 Plant and equipment

<u>2020</u>	Furniture & fittings	Office equipment	Electrical equipment	Computer & software packages	Office renovation	Right-of-use assets	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost							
At April 1, 2019	169,418	183,181	12,388	286,763	287,906	-	939,656
Effect of adopting FRS 116	-	-	-	-	-	341,390	341,390
Additions	-	-	-	20,445	-	74,852	95,297
Disposals	-	-	-	(31,978)	-	-	(31,978)
At March 31, 2020	<u>169,418</u>	<u>183,181</u>	<u>12,388</u>	<u>275,230</u>	<u>287,906</u>	<u>416,242</u>	<u>1,344,365</u>
Depreciation							
At April 1, 2019	169,418	180,741	12,388	265,345	287,906	-	915,798
Charge for the year	-	507	-	13,022	-	266,261	279,790
Disposals	-	-	-	(31,978)	-	-	(31,978)
At March 31, 2020	<u>169,418</u>	<u>181,248</u>	<u>12,388</u>	<u>246,389</u>	<u>287,906</u>	<u>266,261</u>	<u>1,163,610</u>
Net book value							
At March 31, 2020	<u>-</u>	<u>1,933</u>	<u>-</u>	<u>28,841</u>	<u>-</u>	<u>149,981</u>	<u>180,755</u>

<u>2019</u>	Furniture & fittings	Office equipment	Electrical equipment	Computer & software packages	Office renovation	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Cost						
At April 1, 2018	169,418	180,644	12,388	688,020	287,906	1,338,376
Additions	-	2,537	-	14,055	-	16,592
Disposals	-	-	-	(415,312)	-	(415,312)
At March 31, 2019	<u>169,418</u>	<u>183,181</u>	<u>12,388</u>	<u>286,763</u>	<u>287,906</u>	<u>939,656</u>
Depreciation						
At April 1, 2018	169,418	180,644	12,388	669,466	287,906	1,319,822
Charge for the year	-	97	-	11,191	-	11,288
Disposals	-	-	-	(415,312)	-	(415,312)
At March 31, 2019	<u>169,418</u>	<u>180,741</u>	<u>12,388</u>	<u>265,345</u>	<u>287,906</u>	<u>915,798</u>
Net book value						
At March 31, 2019	<u>-</u>	<u>2,440</u>	<u>-</u>	<u>21,418</u>	<u>-</u>	<u>23,858</u>

4 Deferred tax assets

The movement in the deferred tax assets are as follows:

	Asset retirement obligation	Difference in depreciation	Total
	S\$	S\$	S\$
At April 1, 2018	5,950	(3,154)	2,796
Charge to profit or loss	-	(902)	(902)
At March 31, 2019	<u>5,950</u>	<u>(4,056)</u>	<u>1,894</u>
Charge to profit or loss	-	(1,176)	(1,176)
At March 31, 2020	<u>5,950</u>	<u>(5,232)</u>	<u>718</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

5 Trade receivables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Outside parties	1,982,153	2,148,432
Less: Allowance for doubtful debts		
- At beginning of year	23,119	22,434
- Bad debts written off	(23,119)	-
- Exchange differences	-	685
- At end of year	-	23,119
	<u>1,982,153</u>	<u>2,125,313</u>
Holding company	73,805	122,288
	<u>2,055,958</u>	<u>2,247,601</u>

The average credit period is 30 days (2019:30 days). No interest is charged on the trade receivables.

The table below is an analysis of trade receivable aging as at March 31:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Not past due	1,398,095	1,215,448
Past due less than 60 days	657,863	1,032,153
	<u>2,055,958</u>	<u>2,247,601</u>

The Company has made allowance for receivables they deem as doubtful of recovery. They have not made allowance on the other trade receivables as the directors are of the view that all the other trade receivables are recoverable.

Trade receivables that were determined to be impaired relates to debtors that were in financial difficulties or defaulted in payments. These receivables were not secured by any collateral or credit enhancements. These debtors are written off to profit or loss.

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
United States Dollar	<u>562,587</u>	<u>667,179</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

6 Other receivables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Sundry receivables	369	6,804
Deferred rent expense	2,562	6,345
Withholding tax receivable	190	124
Advance to staff	-	8,559
	<u>3,121</u>	<u>21,832</u>
Deposits (*)	76,552	78,482
Less: Allowance for doubtful debts		
- At beginning of year	-	-
- Charge for the year	2,207	-
- At end of year	<u>2,207</u>	<u>-</u>
	74,345	78,482
Less: Unamortised interest	2,800	6,779
	<u>71,545</u>	<u>71,703</u>
	<u>74,666</u>	<u>93,535</u>

(*) Deposits are paid in relation to leases of office premises. These deposits are refundable to the Company at the end of the lease term.

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Indonesian Rupiah	1,253	1,253
Malaysian Ringgit	-	718
Philippine Peso	<u>4,166</u>	<u>6,304</u>

7 Contract assets and liabilities

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Contract assets		
Unbilled revenue:		
- Outside parties	488,821	119,417
Less: Allowance for doubtful debts		
- At beginning of year	-	-
- Charge for the year	88,658	-
- At end of year	<u>88,658</u>	<u>-</u>
	400,163	119,417
- Holding company	<u>319,072</u>	<u>13,710</u>
	<u>719,235</u>	<u>133,127</u>
Contract liabilities		
Deferred revenue: - Outside parties	150,465	931,621
	<u>150,465</u>	<u>931,621</u>

The amount of revenue recognised from amounts included in contract liabilities at the beginning of the period is S\$931,621 (2019:S\$358,722). Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of industry in which the company operates.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

8 Cash and bank balances

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Fixed deposits:		
- Maturity more than 3 months (*)	7,296	6,854
- Maturity less than 3 months	802,119	3,682,533
Cash at bank	542,434	605,454
Cash in hand	552	979
	<u>1,352,401</u>	<u>4,295,820</u>

(*) For cash flow purposes, cash and cash equivalents do not include fixed deposits with maturity after 3 months.

Fixed deposits are with an original tenure of 1 month to 6 months (2019:3 months to 1 year). As of year-end, the maturity period is between 1 month to 6 months (2019:3 months to 6 months).

Fixed deposits interest rate is about 0.5% to 1.10% (2019: 0.5% to 1.55%) per annum.

The cash and bank balances that are not denominated in Singapore Dollar are as follows:-

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Japanese Yen	26	24
United States Dollar	14,036	45,801

9 Share capital

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	No. of shares issued	S\$	No. of shares issued	S\$
Ordinary shares issued and fully paid	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>
Balance at beginning and end of year				

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.

10 Trade payables and accruals

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Trade payables:		
- Outside parties	-	182,706
- Holding company	147,978	153,512
- Related company	157,071	169,560
GST payable	135,920	167,005
Accrued expenses	1,233,146	895,537
	<u>1,674,115</u>	<u>1,568,320</u>

The average credit period on services is 60 days to 90 days (2019:60 days to 90 days).

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

10 Trade payables and accruals

The trade payables and accruals that are not denominated in Singapore Dollar are as follows:-

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Indian Rupee	4,963	-
Indonesian Rupiah	2,988	23,975
Philippine Peso	3,981	1,764
United States Dollar	267,017	327,041
	<u>267,017</u>	<u>327,041</u>

11 Provisions

	Asset retirement obligation	Unutilised leave	Total
	S\$	S\$	S\$
At April 1, 2018	35,000	104,084	139,084
Reversal for the year	-	(58)	(58)
At March 31, 2019	35,000	104,026	139,026
Charge for the year	-	4,914	4,914
At March 31, 2020	<u>35,000</u>	<u>108,940</u>	<u>143,940</u>

12 Lease liabilities

These liabilities are at effective interest rate:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<i>Secured:</i>		
Current	121,139	-
Non-current	14,028	-
	<u>135,167</u>	<u>-</u>

The Company has lease contract for building. The Company's obligation under this lease is secured by the lessor's title to the leased assets

A reconciliation of liabilities arising from the financing activity is as follows:

	<u>Non-cash changes</u>				
	01.04.2019	Cash flows	Accretion of interest	Others	31.03.2020
	S\$	S\$	S\$	S\$	S\$
Lease liabilities	<u>341,390</u>	<u>(307,518)</u>	<u>25,751</u>	<u>75,544</u>	<u>135,167</u>

The leases liabilities that are not denominated in Singapore Dollar are as follows:-

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Indonesian Rupiah	13,201	-
Philippine Peso	10,405	-
	<u>13,201</u>	<u>-</u>

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Notes to the Financial Statements

For the financial year ended March 31, 2020

13 Revenue

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Type of income:		
Software development services and product	<u>16,827,781</u>	<u>15,598,891</u>
Timing of revenue recognition:		
Over time	<u>16,827,781</u>	<u>15,598,891</u>

The Company has not made any provision for variable consideration for the financial year.

14 Other income

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Interest income from banks	34,408	30,922
Amortisation of interest income on deposits	5,235	4,292
Government grant - temporary employment and other credits	<u>12,256</u>	<u>26,022</u>
	<u>51,899</u>	<u>61,236</u>

15 Other gains/(losses) - net

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Foreign exchange adjustments:		
- Gains	-	2,376
- Losses	<u>(12,836)</u>	<u>-</u>
	<u>(12,836)</u>	<u>2,376</u>

16 Salaries and employee benefits

Salaries and employee benefits for the years ended March 31:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Salaries and allowances (*)	6,527,986	7,064,141
CPF contributions (defined)	200,947	248,392
Director's fees	54,000	54,000
Skill development levy	8,425	10,212
Staff welfare	<u>44,815</u>	<u>24,389</u>
	<u>6,836,173</u>	<u>7,401,134</u>

(*) Salaries and allowances include S\$18,998 (2019:S\$23,528) reimbursement of salary and employee benefits to holding company.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Director's fees	<u>54,000</u>	<u>54,000</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

17 Finance cost

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Interest expense on lease liabilities	<u>25,751</u>	-

18 Profit before income tax

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Allowance for doubtful debts:		
- Contract assets (outside party)	88,658	-
- Non-trade (outside party)	2,207	-
Amortisation of deferred rent expense	5,038	4,464
Foreign exchange losses/(gains)	12,836	(2,376)
Operating lease - rental	<u>25,927</u>	<u>332,934</u>

19 Income tax expense

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Current year	358,000	308,500
Prior years under/(over) provision	(734)	7,053
Deferred tax (credit)/expense	1,176	902
Foreign withholding tax	-	8,799
	<u>358,442</u>	<u>325,254</u>

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Profit before income tax	<u>2,205,385</u>	<u>1,978,359</u>
Tax expense at the rate of 17%	374,916	336,321
Statutory stepped income exemption	(17,425)	(17,425)
Corporate tax rebate	-	(10,000)
Deferred tax arising in the year not recognised	1,074	-
Foreign withholding tax	-	8,799
Prior years over provision	(734)	7,053
Other items	611	506
Income tax expense for the financial year	<u>358,442</u>	<u>325,254</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

20 Dividends

During the financial year, the Company had paid an interim exempt (one-tier) dividend of S\$6.25 per ordinary share totaling S\$3,906,250 for the financial period ended March 31, 2020.

The Company had paid an interim exempt (one-tier) dividend of S\$2 per ordinary share totaling S\$1,250,000 for the financial year ended March 31, 2019.

21 Holding company and related companies transactions

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

During the financial year, the Company entered into the following trading transactions:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<i>Holding company</i>		
Income from software development services and product	1,331,027	1,014,688
Consultancy and sub-contract charges	1,995,867	1,824,355
Reimbursement of expenses:		
- Salaries	18,998	23,528
- Other operating expenses	7,700	7,125
	<u>2,115,182</u>	<u>2,266,191</u>
<i>Related companies</i>		
Consultancy and sub-contract charges	<u>2,115,182</u>	<u>2,266,191</u>

22 Operating lease commitments

The Company leases premises for office and guest house under non-cancellable operating lease agreements. These leases have a tenure of 2 years.

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<i>Rental expense:</i>		
Within 1 year	27,025	291,857
Within 2 to 5 years	-	108,104
	<u>27,025</u>	<u>399,961</u>

The Company has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 March 2020.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

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

(a) Categories of financial instruments

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Financial assets		
Amortised cost:		
- Trade receivables	2,055,958	2,247,601
- Other receivables	74,476	93,411
- Cash and bank balances	1,352,401	4,295,820
Total financial assets	<u><u>3,482,835</u></u>	<u><u>6,636,832</u></u>
Financial liabilities		
Amortised cost:		
- Trade payables and accruals (excluding GST)	1,538,195	1,401,315
- Lease liabilities	135,167	-
Total financial liabilities	<u><u>1,673,362</u></u>	<u><u>1,401,315</u></u>

(b) Fair value measurements

Fair value hierarchy

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

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

Assets and liabilities not measured at fair value

(i) *Trade receivables and trade payables*

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

(ii) *Other receivables and cash and bank balances*

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

(ii) *Lease liabilities*

Lease liabilities approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

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

(c) Financial risk management

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

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

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

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

Liquidity risk

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

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

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S\$	S\$	S\$	S\$
2020				
Financial assets				
Trade receivables	2,055,958	2,055,958	2,055,958	-
Other receivables	74,476	74,476	74,476	-
Cash and bank balances	1,352,401	1,352,401	1,352,401	-
Total undiscounted financial assets	3,482,835	3,482,835	3,482,835	-
Financial liabilities				
Trade payables and accruals (excluding GST)	(1,538,195)	(1,538,195)	(1,538,195)	-
Lease liabilities	(135,167)	(140,458)	(125,624)	(14,834)
Total undiscounted financial liabilities	(1,673,362)	(1,678,653)	(1,663,819)	(14,834)
Total net undiscounted financial assets	1,809,473	1,804,182	1,819,016	(14,834)

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

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

(c) Financial risk management (Cont'd)

Liquidity risk (Cont'd)

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S\$	S\$	S\$	S\$
<u>2019</u>				
Financial assets				
Trade receivables	2,247,601	2,247,601	2,247,601	-
Other receivables	93,411	93,411	93,411	-
Cash and bank balances	4,295,820	4,295,820	4,295,820	-
Total undiscounted financial assets	6,636,832	6,636,832	6,636,832	-
Financial liabilities				
Trade payables and accruals	(1,401,315)	(1,401,315)	(1,401,315)	-
Total undiscounted financial liabilities	(1,401,315)	(1,401,315)	(1,401,315)	-
Total net undiscounted financial assets	5,235,517	5,235,517	5,235,517	-

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 and contract assets.

For other financial assets (including cash at bank), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

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

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

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days past the credit due dates, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

Cash at bank are placed with credit worthy financial institutions.

Trade receivables and contract assets

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. For trade receivables and contract assets the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL.

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

(c) Financial risk management (Cont'd)

Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

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. In the management view there is no ECL that is determined necessary for trade receivables for the company. The management has determined an ECL of S\$88,658 for contract assets during the financial year.

The Company has a significant exposure of credit risk in relation to an outside party which amounts to 70% (2019: 61%) of the trade debtors from outside parties. The Company also has an exposure towards trade receivable from its holding company.

The management does not foresee any risk of default or expected credit loss arising from these parties as they are creditworthy customers. Further details of credit risks on trade receivables are disclosed in Note 5 to the financial statements.

Other receivables

This comprise primarily of rental deposit and the management does not foresee any risk of default.

The carrying amounts of the Company's trade receivables, other receivables, contract assets and cash and bank balances represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Interest rate risk

The Company has no significant exposure to market risk for changes in interest rate as it has no bank borrowings with variable interest rates.

The Company has interest bearing fixed deposits. The interest bearing fixed deposits are short term in nature and with the current interest rate level, any variation in the interest rates will not have a material impact on the net income of the Company.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at statements of financial position date and the stipulated change taking place at the beginning of the financial year and had been constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables been constant, the Company's profit before tax for the year ended March 31, 2020 would increase or decrease by about S\$3,000 (2019:S\$18,500) respectively.

Foreign currency risk

The Company transacts its business mainly in Singapore Dollar. However, it also has transactions in few other currencies.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

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

(c) Financial risk management (Cont'd)

Foreign currency risk (Cont'd)

At financial year end, the carrying amounts of monetary assets and liabilities denominated in currencies other than in the functional currency of the Company are disclosed in the respective notes to the financial statements.

Foreign currency sensitivity analysis

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<i>Increase in the rate of the foreign currencies against Singapore Dollar will increase/(decrease) profit before tax by:</i>		
Indian Rupee	(500)	-
Indonesian Rupiah	(1,500)	(2,200)
Philippine Peso	(1,000)	800
United States Dollar	<u>31,000</u>	<u>39,000</u>

A corresponding decrease in the rate of foreign currencies against the Singapore Dollar will have a vice-versa effect on the results of the Company.

The fluctuations in the other foreign currencies against the Singapore Dollar will have no significant impact on the results of the Company.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Price risk

The Company has no significant exposure to price risk.

(d) Capital risk management

The management considers the capital of the Company to mainly consist of shareholders equity. The management manages the capital to ensure the Company will be able to continue as a going concern while maximizing the return to shareholders through optimization of the capital.

As part of the management's review of the capital structure, the management considers the cost of capital and the risks associated with each class of capital. The management will balance its overall capital structure through the payment of dividends, new issue of shares, obtaining new loans or repayment of loans.

The management's overall strategy remains unchanged from 2019.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2020

24 New accounting standards and FRS interpretations

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

		<u>Effective from annual periods beginning on or after</u>
Amendments to References to the Conceptual Framework in FRS Standards		
FRS 1/FRS 8	(Amendments) : Definition of Material	January 1, 2020
FRS 103	(Amendments) : Definition of a Business	January 1, 2020
FRS 109/FRS 39/FRS 107	(Amendments) : Interest Rate Benchmark Reform	January 1, 2020

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

25 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on May 4, 2020.

Nucleus Software Solutions Pte Ltd

The Accompanying Supplementary Detailed Income Statement

Has Been Prepared For Management Purposes Only

And Does Not Form Part Of The Audited Financial Statements

Nucleus Software Solutions Pte Ltd

Detailed Income Statement

For the financial year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Revenue		
Software development services and product	<u>16,827,781</u>	<u>15,598,891</u>
Other income		
Interest income from banks	34,408	30,922
Amortisation of interest income on rental deposits	5,235	4,292
Government grants - temporary employment and other credits	<u>12,256</u>	<u>26,022</u>
	<u>51,899</u>	<u>61,236</u>
Other gains/(losses) - net		
Foreign exchange adjustments:		
- Gains	-	2,376
- Losses	<u>(12,836)</u>	<u>-</u>
	<u>(12,836)</u>	<u>2,376</u>
Consultancy and sub-contract charges	<u>(6,603,422)</u>	<u>(5,066,510)</u>
Salaries and employee benefits		
Salaries and allowances	(6,527,986)	(7,064,141)
CPF contributions (defined)	(200,947)	(248,392)
Director's fees	(54,000)	(54,000)
Skill development levy	(8,425)	(10,212)
Staff welfare	<u>(44,815)</u>	<u>(24,389)</u>
	<u>(6,836,173)</u>	<u>(7,401,134)</u>
Depreciation of plant and equipment	<u>(279,790)</u>	<u>(11,288)</u>
Other operating expenses		
Air-con charges	(24,540)	(23,644)
Allowance for doubtful debts:		
- Contract assets (outside party)	(88,658)	-
- Non-trade (outside party)	(2,207)	-
Amortisation of deferred rent expense	(5,038)	(4,464)
Bank charges	(13,376)	(13,504)
Business promotion and entertainment	(9,214)	(13,236)
Cleaning and maintenance	(14,640)	(16,492)
Computer consumables and peripherals	(18,964)	(20,881)
Conference and seminar	(850)	(1,689)
Courier and postage	(2,676)	(3,098)
Festival/establishment	(18,375)	(9,196)
Hotel expenses	(3,409)	(6,881)
Immigration expenses	(23,058)	(23,908)

...Cont'd

Nucleus Software Solutions Pte Ltd

Detailed Income Statement

For the financial year ended March 31, 2020

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Other operating expenses (Cont'd)		
Insurance	(114,318)	(102,964)
Local conveyance	(42,729)	(51,566)
Membership and subscription	(105)	(1,230)
Office expenses	(800)	(1,542)
Operating lease - rental	(25,927)	(332,934)
Printing and stationary	(2,087)	(3,424)
Professional charges	(100,970)	(97,879)
Recruitment and training	(79,603)	(58,081)
Secretarial fees	(960)	(960)
Telephone and internet	(83,163)	(94,495)
Trading expenses	(109,352)	(144,294)
Travelling expenses	(110,835)	(155,263)
Water and electricity	(20,469)	(23,587)
	<u>(916,323)</u>	<u>(1,205,212)</u>
Finance cost		
Interest expense on lease liabilities	(25,751)	-
	<u>2,205,385</u>	<u>1,978,359</u>
Profit before income tax		
	2,205,385	1,978,359
Income tax expense:		
- Current year	(358,000)	(308,500)
- Prior years over/(under) provision	734	(7,053)
- Deferred tax expense	(1,176)	(902)
- Foreign withholding tax	-	(8,799)
	<u>1,846,943</u>	<u>1,653,105</u>
Profit after income tax		
	1,846,943	1,653,105
Other comprehensive income	-	-
	<u>1,846,943</u>	<u>1,653,105</u>
Total comprehensive income for the year		
	<u>1,846,943</u>	<u>1,653,105</u>

Not Part Of Audited Financial Statements

Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2020

5 Auditors

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

6 Directors' opinion

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors

Sd/-

Vishnu Rampratap Dusad

Sd/-

Yasmin Javeri Krishan

Date: May 4, 2020

Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2020

5 Auditors

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

6 Directors' opinion

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors

Sd/-

Vishnu Rampratap Dusad

Sd/-

Yasmin Javeri Krishan

Date: May 4, 2020

Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2020

5 Auditors

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

6 Directors' opinion

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors

Sd/-

Vishnu Rampratap Dusad

Sd/-

Yasmin Javeri Krishan

Date: May 4, 2020

Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2020

5 Auditors

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

6 Directors' opinion

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors

sd/-

Vishnu Rampratap Dusad

sd/-

Yasmin Javeri Krishan

Date: May 4, 2020

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NUCLEUS SOFTWARE SOLUTIONS PTE LTD (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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.

Sd/-
Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: May 4, 2020

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NUCLEUS SOFTWARE SOLUTIONS PTE LTD (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2020 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
(Incorporated in the Republic of Singapore)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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.

Sd/-

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: May 4, 2020

Our Ref: 220

April 4, 2020

To
The Board of Directors
NUCLEUS SOFTWARE SOLUTIONS PTE LTD
Singapore

Dear Sir/Madam

AUDIT ENGAGEMENT LETTER

You have requested that we audit the financial statements of '**Nucleus Software Solutions Pte Ltd**', which comprise the statement of financial position as at March 31, 2020, and the statement of 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. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be made in accordance with the requirements of Section 207 of the Singapore Companies Act, Chapter 50, (the "Act") with the objective of expressing an opinion on the financial statements prepared by management in accordance with the provision of the Singapore Financial Reporting Standards ("Singapore FRS").

The objectives of our audit 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 Singapore Standards on Auditing (SSA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We will conduct our audit in accordance with SSA. Those Standards require that we comply with ethical requirements. As part of an audit in accordance with SSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with SSA.

Our audit will be conducted on the basis that management/directors acknowledge and understand that they have responsibility:

- (a) For the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore;
- (b) 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;
- (c) To provide us with:
 - (i) Access to all information of which management/directors are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - (ii) Additional information that we may request from management/directors for the purpose of the audit;
 - (iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence; and
 - (iv) Sufficient time to allow us to complete the audit in accordance with the proposed timetable.

As part of our audit process, we will request from management/directors written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Any other services which we may provide from time to time at your request are distinct from our functions as auditors.

Our fees, which may be billed as work progresses are based on the time required by the individuals assigned to the engagement plus direct out-of-pocket expenses. Individual hourly rates vary in accordance to the degree of responsibility involved and the experience and skill required.

Our fees are due and payable immediately upon rendering of services. It is our understanding that we shall not be obliged to perform any services if our outstanding fees are not settled.

The form and content of our report may need to be amended in the light of our audit findings.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Yours faithfully

The above terms and conditions are understood by us and are acceptable to the Board of Directors.

For " NUCLEUS SOFTWARE SOLUTIONS PTE LTD"

Sd/-

DIRECTOR

Sd/-

DIRECTOR

Our Ref: 220

April 4, 2020

To
The Board of Directors
NUCLEUS SOFTWARE SOLUTIONS PTE LTD
Singapore

Dear Sir/Madam

AUDIT ENGAGEMENT LETTER

You have requested that we audit the financial statements of '**Nucleus Software Solutions Pte Ltd**', which comprise the statement of financial position as at March 31, 2020, and the statement of 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. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

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- (c) To provide us with:
 - (i) Access to all information of which management/directors are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - (ii) Additional information that we may request from management/directors for the purpose of the audit;
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Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Yours faithfully

The above terms and conditions are understood by us and are acceptable to the Board of Directors.

For " NUCLEUS SOFTWARE SOLUTIONS PTE LTD"

Sd/-

DIRECTOR

Sd/-

DIRECTOR