NUCLEUS SOFTWARE SOLUTIONS PTE LTD

(Company Registration No. 199401311C)

Financial Statements For The Year Ended March 31, 2021

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

Index

Index	Page
Directors' Statement	1 - 2
Independent Auditors' Report	3 - 5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 36

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2021.

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	At beginning of year	At end of year
Number of ordinary shares		
Vishnu Rampratap Dusad		
- Deemed interest	625,000	625,000

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.

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, 2021 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

Vishnu Rampratap Dusad

Yasmin Javeri Krishan

Date: May 21, 2021

NATARAJAN & SWAMINATHAN
CHARTERED ACCOUNTANTS OF SINGAPORE

1 NORTH BRIDGE ROAD, #19-04/05,
HIGH STREET CENTRE,
SINGAPORE 179094
TEL : 63372472, 63372473
FAX : 63382844, 63374070
E-MAIL : ns@nsca.pro
URL : www.nsca.pro

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021
(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, 2021, 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, 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (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, 2021
(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, 2021
(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.

Natarajan & Swaminathan

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: May 21, 2021

Nucleus Software Solutions Pte Ltd

Statement of Financial Position *As at March 31, 2021*

	Note	2021	2020
		S$	S$
Assets			
Non-current assets			
Plant and equipment	3	491,322	180,755
Deferred tax assets	4	539	718
Total non-current assets		491,861	181,473
Current assets			
Trade receivables	5	1,624,256	2,055,958
Other receivables	6	77,790	74,666
Prepayments		28,458	41,079
Contract assets	7	461,210	719,235
Cash and bank balances	8	2,045,191	1,352,401
Total current assets		4,236,905	4,243,339
Total assets		**4,728,766**	**4,424,812**
Equity and liabilities			
Equity			
Share capital	9	625,000	625,000
Accumulated profits		2,023,009	1,338,125
Total equity		2,648,009	1,963,125
Non-current liabilities			
Lease liabilities	12	271,318	14,028
Total non-current liabilities		271,318	14,028
Current liabilities			
Trade payables and accruals	10	1,111,322	1,674,115
Provisions	11	209,583	143,940
Contract liabilities	7	244,763	150,465
Lease liabilities	12	165,771	121,139
Income tax payable		78,000	358,000
Total current liabilities		1,809,439	2,447,659
Total liabilities		2,080,757	2,461,687
Total equity and liabilities		**4,728,766**	**4,424,812**

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

	Note	2021	2020
		S$	S$
Revenue	13	11,654,899	16,827,781
Other income	14	429,408	51,899
Other gains/(losses) - net	15	(1,296)	(12,836)
Consultancy and sub-contract charges		(4,988,415)	(6,603,422)
Salaries and employee benefits	16	(5,662,554)	(6,836,173)
Depreciation of plant and equipment	3	(262,613)	(279,790)
Other operating expenses		(359,804)	(916,323)
Finance costs	17	(32,253)	(25,751)
Profit before income tax	18	777,372	2,205,385
Income tax expense	19	(92,488)	(358,442)
Profit after income tax		684,884	1,846,943
Other comprehensive income		-	-
Total comprehensive income for the year		**684,884**	**1,846,943**

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

	Note	Share capital	Accumulated profits	Total
		S$	S$	S$
Balance as at 01.04.2019		**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**
Total comprehensive income for the year		-	684,884	684,884
Balance as at 31.03.2021		**625,000**	**2,023,009**	**2,648,009**

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

	2021	2020
	S$	S$
Cash flows from operating activities		
Profit before income tax	777,372	2,205,385
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	(4,650)	(5,235)
Depreciation of plant and equipment	262,613	279,790
Amortisation of deferred rent expense	4,628	5,038
Reversal of unutilised leave	72,293	4,914
Provision written back	(35,000)	-
Interest expense on lease liabilities	30,848	25,751
Interest accretion during the year	1,405	-
Interest income	(2,527)	(34,408)
Operating profit before working capital changes	1,106,982	2,572,100
Trade receivables	431,702	191,643
Other receivables and prepayments	9,520	37,668
Contract assets	258,025	(674,766)
Trade payables and accruals	(562,793)	105,795
Contract liabilities	94,298	(781,156)
Cash generated from operations	1,337,734	1,451,284
Interest received	2,527	34,408
Income tax paid	(372,310)	(194,898)
Net cash from operating activities	967,951	1,290,794
Cash flows from investing activities		
Purchase of plant and equipment	(11,156)	(20,445)
Cash restricted in use over 3 months	379	(442)
Net cash used in investing activities	(10,777)	(20,887)
Cash flows from financing activities		
Dividend paid	-	(3,906,250)
Payment of principal portion of lease liability	(264,005)	(307,518)
Net cash used in financing activities	(264,005)	(4,213,768)
Net increase/(decrease) in cash and cash equivalents	693,169	(2,943,861)
Cash and cash equivalents brought forward	1,345,105	4,288,966
Cash and cash equivalents carried forward	**2,038,274**	**1,345,105**
Cash and cash equivalents comprise:		
Fixed deposits	504,479	802,119
Cash at banks	1,532,422	542,434
Cash in hand	1,373	552
	2,038,274	**1,345,105**

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

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:

Amendments to References to the Conceptual Framework in FRS Standards

FRS 1/FRS 8	(Amendments)	:	Definition of Material
FRS 103	(Amendments)	:	Definition of a Business
FRS 109/FRS 39/FRS 107	(Amendments)	:	Interest Rate Benchmark Reform

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.

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)	-	24 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 ("FVPL")

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 receivables, 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.

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.

(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.

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**

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.

q) **Finance costs**

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:

- 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.

2 Significant accounting policies *(Cont'd)*

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.

3 Plant and equipment

2021	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, 2020	169,418	183,181	12,388	275,230	287,906	416,242	1,344,365
Additions	-	-	-	11,156	-	562,024	573,180
At March 31, 2021	169,418	183,181	12,388	286,386	287,906	978,266	1,917,545
Depreciation							
At April 1, 2020	169,418	181,248	12,388	246,389	287,906	266,261	1,163,610
Charge for the year	-	507	-	16,243	-	245,863	262,613
At March 31, 2021	169,418	181,755	12,388	262,632	287,906	512,124	1,426,223
Net book value							
At March 31, 2021	**-**	**1,426**	**-**	**23,754**	**-**	**466,142**	**491,322**

3 Plant and equipment

2020	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	169,418	183,181	12,388	275,230	287,906	416,242	1,344,365
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	169,418	181,248	12,388	246,389	287,906	266,261	1,163,610
Net book value							
At March 31, 2020	**-**	**1,933**	**-**	**28,841**	**-**	**149,981**	**180,755**

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, 2019	**5,950**	**(4,056)**	**1,894**
Charge to profit or loss	-	(1,176)	(1,176)
At March 31, 2020	**5,950**	**(5,232)**	**718**
Charge to profit or loss	(1,130)	951	(179)
At March 31, 2021	**4,820**	**(4,281)**	**539**

5 Trade receivables

	2021	2020
	S$	S$
Outside parties	1,562,155	1,982,153
Less: Allowance for doubtful debts		
- At beginning of year	-	23,119
- Bad debts written off	-	(23,119)
- At end of year	-	-
	1,562,155	1,982,153
Holding company	62,101	73,805
	1,624,256	**2,055,958**

The average credit period is 30 days (2020:30 days). No interest is charged on the trade receivables.

5 Trade receivables *(Cont'd)*

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

	2021	2020
	S$	S$
Not past due	786,354	1,398,095
Past due less than 60 days	711,374	657,863
Past due 61 to 90 days	13,108	-
Past due 91 to 180 days	113,420	-
	1,624,256	**2,055,958**

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.

In 2020, 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 were written off to profit or loss.

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

	2021	2020
	S$	S$
United States Dollar	600,792	562,587

6 Other receivables

	2021	2020
	S$	S$
Sundry receivables	57	369
Deferred rent expense	9,251	2,562
Withholding tax receivable	-	190
Advance to staff	6,904	-
	16,212	3,121
Deposits (*)	73,251	76,552
Less: Allowance for doubtful debts		
- At beginning of year	2,207	-
- Charge for the year	-	2,207
- At end of year	2,207	2,207
	71,044	74,345
Less: Unamortised interest	9,466	2,800
	61,578	71,545
	77,790	**74,666**

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

6 Other receivables *(Cont'd)*

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

	2021	2020
	S$	S$
Indonesian Rupiah	1,253	1,253
Philippine Peso	4,097	4,166

7 Contract assets and liabilities

	2021	2020
	S$	S$
Contract assets		
Unbilled revenue:		
- Outside parties	549,868	488,821
Less: Allowance for doubtful debts		
- At beginning of year	88,658	-
- Charge for the year	-	88,658
- At end of year	88,658	88,658
	461,210	400,163
- Holding company	-	319,072
	461,210	**719,235**
Contract liabilities		
Deferred revenue: - Outside parties	244,763	150,465
	244,763	**150,465**

The amount of revenue recognised from amounts included in contract liabilities at the beginning of the period is S$150,465 (2020:S$931,621). 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.

8 Cash and bank balances

	2021	2020
	S$	S$
Fixed deposits:		
- Maturity more than 3 months (*)	6,917	7,296
- Maturity less than 3 months	504,479	802,119
Cash at bank	1,532,422	542,434
Cash in hand	1,373	552
	2,045,191	**1,352,401**

(*) 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 3 months to 6 months (2020:1 month to 6 months). As of year-end, the maturity period is between 3 months to 6 months (2020:1 month to 6 months).

Fixed deposits interest rate is about 0.24% to 0.30% (2020:0.5% to 1.10%) per annum.

8 Cash and bank balances *(Cont'd)*

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

	2021	2020
	S$	S$
Japanese Yen	24	26
United States Dollar	361,336	14,036

9 Share capital

	2021 No. of shares issued	2021 S$	2020 No. of shares issued	2020 S$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	**625,000**	**625,000**	**625,000**	**625,000**

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

10 Trade payables and accruals

	2021	2020
	S$	S$
Trade payables:		
- Outside parties	19,239	-
- Holding company	243,243	147,978
- Related company	-	157,071
GST payable	66,415	135,920
Withholding tax payable	6	-
Accrued expenses	782,419	1,233,146
	1,111,322	**1,674,115**

The average credit period on services is 60 days to 90 days (2020:60 days to 90 days).

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

	2021	2020
	S$	S$
Indian Rupee	4,644	4,963
Indonesian Rupiah	516	2,988
Malaysian Ringgit	11,407	-
Philippine Peso	3,849	3,981
United States Dollar	264,863	267,017

11 Provisions

	Asset retirement obligation	Unutilised leave	Total
	S$	S$	S$
At April 1, 2019	35,000	104,026	139,026
Reversal for the year	-	4,914	4,914
At March 31, 2020	**35,000**	**108,940**	**143,940**
Reversal for the year	(35,000)	-	(35,000)
Addition during the year	26,945	-	26,945
Interest accretion during the year	1,405	-	1,405
Charge for the year	-	93,351	93,351
Paid during the year	-	(21,058)	(21,058)
At March 31, 2021	**28,350**	**181,233**	**209,583**

12 Lease liabilities

These liabilities are at effective interest rate:

	2021	2020
	S$	S$
Secured:		
Non-current	271,318	14,028
Current	165,771	121,139
	437,089	**135,167**
The amount due after 1 year is repayable as follows:		
Within 2 to 5 years	**271,318**	**14,028**

The Company has lease contract for office units. 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:

			Non-cash changes		
	At beginning of year	Cash flows	Acquisition	Accretion of interest	At end of year
	S$	S$	S$	S$	S$
2021					
Lease liabilities	**135,167**	**(264,005)**	**535,079**	**30,848**	**437,089**
2020					
Lease liabilities	**341,390**	**(307,518)**	**75,544**	**25,751**	**135,167**

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

	2021	2020
	S$	S$
Indonesian Rupiah	5,526	13,201
Philippine Peso	-	10,405

13 Revenue

	2021	2020
	S$	S$
Type of income:		
Software development services and product	**11,654,899**	**16,827,781**
Timing of revenue recognition:		
Over time	**11,654,899**	**16,827,781**

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

14 Other income

	2021	2020
	S$	S$
Interest income from banks	2,527	34,408
Amortisation of interest income on deposits	4,650	5,235
Government grants:	422,231	12,256
- Job support scheme	369,461	-
- Rental waiver	13,349	-
- Property rent rebate	3,956	-
- Temporary employment and other credits	35,465	12,256
	429,408	**51,899**

15 Other gains/(losses) – net

	2021	2020
	S$	S$
Foreign exchange adjustments:		
- Losses	**(1,296)**	**(12,836)**

16 Salaries and employee benefits

Salaries and employee benefits for the years ended March 31:

	2021	2020
	S$	S$
Salaries and allowances (*)	5,385,408	6,527,986
CPF contributions (defined)	210,518	200,947
Director's fees	54,000	54,000
Skill development levy	7,267	8,425
Staff welfare	5,361	44,815
	5,662,554	**6,836,173**

(*) Salaries and allowances include S$6,372 (2020:S$18,998) reimbursement of salary and employee benefits to holding company.

16 Salaries and employee benefits *(Cont'd)*

Compensation of directors and key management personnel

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

	2021	2020
	S$	S$
Director's fees	54,000	54,000

17 Finance costs

	2021	2020
	S$	S$
Interest expense - lease liabilities	30,848	25,751
Interest accretion on asset retirement obligation	1,405	-
	32,253	**25,751**

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):-

	2021	2020
	S$	S$
Allowance for doubtful debts:		
- Contract assets (outside party)	-	88,658
- Non-trade (outside party)	-	2,207
Amortisation of deferred rent expense	4,628	5,038
Foreign exchange loss	1,296	12,836
Operating lease - rental	13,489	25,927

19 Income tax expense

	2021	2020
	S$	S$
Current year	78,000	358,000
Prior years under/(over) provision	14,309	(734)
Deferred tax (credit)/expense	179	1,176
	92,488	**358,442**

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:

19 Income tax expense *(Cont'd)*

	2021	2020
	S$	S$
Profit before income tax	**777,372**	**2,205,385**
Tax expense at the rate of 17%	132,153	374,916
Non-taxable income	(62,808)	-
Non-deductible items	20,323	-
Statutory stepped income exemption	(17,425)	(17,425)
Deferred tax arising in the year not recognised	1,136	1,074
Prior years under/(over) provision	14,309	(734)
Other items	4,800	611
Income tax expense for the financial year	**92,488**	**358,442**

20 Dividends

In 2020, 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 year ended March 31, 2020.

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:

	2021	2020
	S$	S$
Holding company		
Income from software development services and product	459,663	1,331,027
Consultancy and sub-contract charges	2,990,395	1,995,867
Reimbursement of expenses:		
- Salaries	6,372	18,998
- Other operating expenses	21,756	7,700
Related companies		
Consultancy and sub-contract charges	-	2,115,182

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:

	2021	2020
	S$	S$
Rental expense:		
- Within 1 year	**5,845**	**27,025**

23 Financial instruments, financial and capital risk management

(a) Categories of financial instruments

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

	2021	2020
	S$	S$
Financial assets		
Amortised cost:		
- Trade receivables	1,624,256	2,055,958
- Other receivables	77,790	74,476
- Cash and bank balances	2,045,191	1,352,401
Total financial assets	**3,747,237**	**3,482,835**
Financial liabilities		
Amortised cost:		
- Trade payables and accruals *(excluding GST)*	1,044,907	1,538,195
- Provisions	28,350	35,000
- Lease liabilities	437,089	135,167
Total financial liabilities	**1,510,346**	**1,708,362**

(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).

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

(b) **Fair value measurements** *(Cont'd)*

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

(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.

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	Cash flows: Less than 1 year	Cash flows: Within 2 to 5 years
	S$	S$	S$	S$
2021				
Financial assets				
Trade receivables	1,624,256	1,624,256	1,624,256	-
Other receivables	77,790	77,790	77,790	-
Cash and bank balances	2,045,191	2,045,191	2,045,191	-
Total undiscounted financial assets	3,747,237	3,747,237	3,747,237	-
Financial liabilities				
Trade payables and accruals *(excluding GST)*	(1,044,907)	(1,044,907)	(1,044,907)	-
Provisions	(28,350)	(35,000)	-	(35,000)
Lease liabilities	(437,089)	(487,460)	(198,293)	(289,167)
Total undiscounted financial liabilities	(1,510,346)	(1,567,367)	(1,243,200)	(324,167)
Total net undiscounted financial assets	**2,236,891**	**2,179,870**	**2,504,037**	**(324,167)**
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)	-
Provisions	(35,000)	(35,000)	(35,000)	-
Lease liabilities	(135,167)	(140,458)	(125,624)	(14,834)
Total undiscounted financial liabilities	(1,708,362)	(1,713,653)	(1,698,819)	(14,834)
Total net undiscounted financial assets	**1,774,473**	**1,769,182**	**1,784,016**	**(14,834)**

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.

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

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

***Credit risk** (Cont'd)*

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. 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 no ECL is considered necessary.

The Company has a significant exposure of credit risk in relation to an outside party which amounts to 60% (2020:70%) 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.

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

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

Interest rate risk (Cont'd)

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, 2021 would increase or decrease by about S$2,500 (2020:S$3,000) respectively.

Foreign currency risk

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

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:

	2021	2020
	S$	S$
Increase in the rate of the foreign currencies against Singapore Dollar will increase/(decrease) profit before tax by:		
Indian Rupee	(500)	(500)
Indonesian Rupiah	(500)	(1,500)
Malaysian Ringgit	(1,100)	-
Philippine Peso	-	(1,000)
United States Dollar	70,000	31,000

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.

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

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

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 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:

				Effective from annual periods beginning on or after
FRS 1	(Amendments)	:	Classification of Liabilities as Current or Non-current	January 1, 2023
FRS 16	(Amendments)	:	Proceeds before intended to use	January 1, 2022
FRS 37	(Amendments)	:	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
FRS 103	(Amendments)	:	Reference to the Conceptual Framework	January 1, 2022
FRS 109/ FRS 39/ FRS 107/ FRS 104/ FRS 116	(Amendments)	:	Interest Rate Benchmark Reform - Phase 2	January 1, 2021
FRS 116	(Amendments)	:	Covid-19 Related Rent Concessions	June 1, 2020
Improvements to FRSs				
Annual Improvements to FRSs 2018 - 2020				January 1, 2022
FRS 41	(Amendments)	:	Agriculture	January 1, 2022
FRS 101	(Amendments)	:	First-Time Adoption of Financial Reporting Standards	January 1, 2022
FRS 109	(Amendments)	:	Financial Instruments	January 1, 2022
FRS 116	(Amendments)	:	Leases	January 1, 2022

24 New accounting standards and FRS interpretations *(Cont'd)*

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 COVID-19 impact

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the Company's operations and its financial performance.

The Company is engaged in developing, producing and dealing in software systems, providing support, technical advisory and consultancy services. During the year, there was drop in revenue due to the projects which were being executed, their milestones have been pushed due to Covid-19 pandemic as verification could not be carried out by the customer due to specific access need. However, dates for revised project milestones has firmed up and Company does not see any case of cancellation of existing closed work orders. Budget approvals for new projects were deferred by the customers based on priority. The Company is anticipating that new business closure and initiation will improve in the coming year as customers have reinitiated the discussion.

This change in the business outlook and approach is impacting the acquisition and initiation of new business for the Company and has impacted the Company's operations and its financial performance during the current year and is also expected to have an impact in the subsequent financial years as well. Most of the business platforms the Company supports are regional in nature and new programs/ projects are funded by multiple countries. These countries are taking extremely conservative participation in releasing funds for regional initiatives / programs, making the decision making even much slower and challenging.

The Company also receives some support from Government and office building landlords via Jobs Support Scheme (JSS), foreign worker levy rebates and rent rebates to mitigate the working capital bottleneck. The company has also reduced the head count of outsourced consultants as part of cost cutting measures. In addition, company has also reduced selective permanent employees to reduce the cost further.

As the situation continues to evolve with significant level of uncertainty, similar to all business enterprises', the Company is unable to accurately estimate the full financial impact of the COVID-19 outbreak. The Company is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy, agile actions and conserving liquidity by working with major creditors to align repayment obligations with receivable collections.

26 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on May 21, 2021.

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, 2021*

	2021	2020
	S$	S$
Revenue		
Software development services and product	11,654,899	16,827,781
Other income		
Interest income from banks	2,527	34,408
Amortisation of interest income on rental deposits	4,650	5,235
Government grants:		
- Job support scheme	369,461	-
- Rental waiver	13,349	-
- Property rent rebate	3,956	-
- Temporary employment and other credits	35,465	12,256
	429,408	51,899
Other gains/(losses) - net		
Foreign exchange adjustments:		
- Gains	-	-
- Losses	(1,296)	(12,836)
	(1,296)	(12,836)
Consultancy and sub-contract charges	(4,988,415)	(6,603,422)
Salaries and employee benefits		
Salaries and allowances	(5,385,408)	(6,527,986)
CPF contributions (defined)	(210,518)	(200,947)
Director's fees	(54,000)	(54,000)
Skill development levy	(7,267)	(8,425)
Staff welfare	(5,361)	(44,815)
	(5,662,554)	(6,836,173)
Depreciation of plant and equipment	(262,613)	(279,790)
Other operating expenses		
Air-con charges	(1,000)	(24,540)
Allowance for doubtful debts:		
- Contract assets (outside party)	-	(88,658)
- Non-trade (outside party)	-	(2,207)
Amortisation of deferred rent expense	(4,628)	(5,038)
Bank charges	(13,492)	(13,376)
Business promotion and entertainment	(6,523)	(9,214)
Cleaning and maintenance	(8,424)	(14,640)
Computer consumables and peripherals	(14,264)	(18,964)
Conference and seminar	-	(850)
Courier and postage	(2,890)	(2,676)
Festival/establishment	(1,380)	(18,375)
Hotel expenses	1,856	(3,409)

...... Cont'd

Nucleus Software Solutions Pte Ltd

Detailed Income Statement *For the financial year ended March 31, 2021*

	2021	2020
	S$	S$
Other operating expenses *(Cont'd)*		
Immigration expenses	(905)	(23,058)
Insurance	(143,341)	(114,318)
Local conveyance	(5,936)	(42,729)
Membership and subscription	(747)	(105)
Office expenses	(789)	(800)
Operating lease - rental	(13,489)	(25,927)
Printing and stationary	(470)	(2,087)
Professional charges	(86,769)	(100,970)
Provision for asset retirement obligation	35,000	-
Recruitment and training	(2,890)	(79,603)
Secretarial fees	(960)	(960)
Telephone and internet	(73,425)	(83,163)
Trading expenses	-	(109,352)
Travelling expenses	(2,319)	(110,835)
Water and electricity	(12,019)	(20,469)
	(359,804)	(916,323)
Finance costs		
Interest expense on lease liabilities	(30,848)	(25,751)
Interest accretion on asset retirement obligation	(1,405)	-
	(32,253)	(25,751)
Profit before income tax	777,372	2,205,385
Income tax expense:		
- Current year	(78,000)	(358,000)
- Prior years (under)/over provision	(14,309)	734
- Deferred tax expense	(179)	(1,176)
Profit after income tax	684,884	1,846,943
Other comprehensive income	-	-
Total comprehensive income for the year	**684,884**	**1,846,943**