



Leung Luo Pang LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Park Place Corporate Centre
15 Wertheim Court, Suite 304
Richmond Hill, ON L4B 3H7
Tel: (416) 335-6600
Fax: (416) 800-7567

May 13, 2019

Newgen Software Technologies Canada, Ltd.
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

Attention: Mr. Diwakar Nigam

Dear Mr. Nigam:

**Re: Newgen Software Technologies Canada, Ltd.
Year Ended March 31, 2019**

Enclosed are the following documents in order that need to be attended to as indicated:

Client Documents

The following documents are to be retained by yourself for record:

1. Our invoice for the professional services rendered.
2. One copy of the financial statements for the year ended March 31, 2019.
3. Copy of the engagement letter, duly signed by both parties.
4. Copy of the management representation letter;
5. Copy of the communication letter to BOD - audit plan letter;
6. Copy of the communication letter to BOD - audit findings letter;
7. Copy of the trial balance and adjusting entries for the year ended March 31, 2019.
Please record the adjusting entries in your accounting records for the year ended March 31, 2019.
8. Copy of summary of identified and unadjusted misstatements.
9. Copy of the corporate income tax returns.

Our Documents

Please sign the following documents on the pages where indicated:

1. One copy of the financial statements for the year ended March 31, 2019.
2. Copy of the management representation letter.
3. Copy of the trial balance and adjusting entries for the year ended March 31, 2019, missing the page for AJE#1-8 to be signed.
4. Copy of summary of identified and unadjusted misstatements.
5. Form T183 - please sign the declaration in Part C. The Corporation income tax returns have been prepared for Electronic Filing. Once we receive your signed copy of Form T183, we will efile your returns to Canada Revenue Agency immediately.

Other

Corporate income taxes and instalment schedule

- Please prepare a cheque made payable to the Receiver General in the amount of \$12,387.86 and mail it together with the remittance form previously mailed to you by Canada Revenue Agency. Other alternatives are to make this payment at any financial institution or to use the online "My Payment" service by entering the following link: <http://www.cra-arc.gc.ca/esrvc-srvce/tx/mypymnt/menu-eng.html>.

The balance owing is due on May 31, 2019.

- If the corporation's total income tax payable for the previous fiscal year is \$3,000 or more, it is required to make instalment payments for the current fiscal year. Please make four payments of \$6,652.00 by June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020.

Please forward us a copy of the corporate Notice of Assessment once it is received. The company may object within 90 days from the mailing date of the assessment, if the Notice of Assessment does not agree with the returns filed. Failure to respond within the prescribed time limit will cause the company to lose its right to object to the assessment.

We are pleased to have been and continue to be of service to your company. Should you have further questions, please do not hesitate to contact our office.

Yours very truly,



Ardell Luo, CPA, CA, Partner
Leung Luo Pang LLP, Chartered Professional Accountants
Tel: 416.335.6600 ext. 201
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Email: ardell@leungluoca.com



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May 8, 2019

Invoice No.: 2019159A
GST Reg. # 84372 3685

c/o Mr. Diwakar Nigam
Newgen Software Technologies Canada, Ltd.
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

FOR PROFESSIONAL SERVICES RENDERED:

- Audit of the Financial Statements in accordance with Canadian Accounting Standards for Private Enterprises for the year ended March 31, 2019
- Restatement of comparative figures due to accounting error for the year ended March 31, 2019
- Communication with yourselves back and forth and preparation of financial statements disclosure with regard to Employee Stock Option Plan
- Preparation and filing of corporate income tax returns for the year ended March 31, 2019
- Emails and inquiries with yourselves

OUR FEES	\$ 7,500.00
HST @13%	975.00
TOTAL:	\$ 8,475.00

Invoice is payable upon receipt.

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.

FINANCIAL STATEMENTS

MARCH 31, 2019



Leung Luo Pang LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.

FINANCIAL STATEMENTS

MARCH 31, 2019

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Leung Luo Pang LLP

CHARTERED PROFESSIONAL ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT

To the Shareholder of **Newgen Software Technologies Canada, Ltd.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Newgen Software Technologies Canada, Ltd.** (the Company), which comprise the balance sheet as at March 31, 2019, the statement of income and retained earnings, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises ("ASPE").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASPE, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility 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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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- 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. 4
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ardell Luo.


Chartered Professional Accountants
Licensed Public Accountants

Richmond Hill, Canada
May 13, 2019

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.

BALANCE SHEET

As at March 31

2019

2018

(Restated)

ASSETS

Current

Cash	\$ 488,492	\$ 641,051
Accounts receivable (Note 2)	527,113	433,490
Government remittances recoverable	20,633	31,075
Prepaid expenses and sundry	16,904	15,508

1,053,142 1,121,124

Equipment (Note 3)

1,585 1,211

Incorporation costs (Note 4)

2,791 3,291

\$ 1,057,518 \$ 1,125,626

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 520,583	\$ 903,335
Income taxes payable	12,388	15,483
Deferred revenue	244,232	-

777,203 918,818

SHAREHOLDER'S EQUITY

Share capital

1,000,000 Common shares 100,000 100,000

Retained earnings

180,315 106,808

280,315 206,808

\$ 1,057,518 \$ 1,125,626

The accompanying notes are an integral part of the financial statements

Approved on behalf of the Board

Director _____

Director _____

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended March 31	2019	2018
		<i>(Restated)</i>
Revenue	\$ 2,221,100	\$ 1,898,407
Expenses		
Sub-contracts	1,276,872	1,192,971
Wages and benefits	520,291	412,677
Travel	130,855	104,988
Bad debts	52,773	34,775
Occupancy costs	48,042	46,194
Commissions	26,004	-
Office and general	22,786	20,986
Advertising and promotion	16,129	7,500
Telephone	9,820	4,714
Professional fees	8,178	16,039
Foreign exchange loss	5,019	1,889
Bank charges and interest	2,661	1,342
Amortization	1,556	1,848
	2,120,986	1,845,923
Income before income taxes	100,114	52,484
Provision for income taxes <i>(Note 5)</i>	26,607	14,218
Net income	73,507	38,266
Retained earnings, beginning of year	106,808	66,021
Accounting adjustment <i>(Note 6)</i>	-	2,521
Retained earnings, end of year	\$ 180,315	\$ 106,808

The accompanying notes are an integral part of the financial statements

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
STATEMENT OF CASH FLOWS

For the year ended March 31

2019

2018

(Restated)

CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:

OPERATING ACTIVITIES

Net income	\$ 73,507	\$ 38,266
Add: items not involving cash		
Amortization	1,556	1,848
Accounting adjustment for prior periods	-	(1,270)
	75,063	38,844
Changes in non-cash working capital items		
Accounts receivable	(93,623)	220,043
Prepaid expenses and sundry	(1,396)	(1,647)
Accounts payable and accrued liabilities	(382,752)	138,271
Government remittances payable	10,442	39,288
Income taxes payable	(3,095)	4,803
Deferred revenue	244,232	-
	(151,129)	439,602

INVESTING ACTIVITIES

Purchase of equipment	(1,430)	(1,737)
	(1,430)	(1,737)

Net increase (decrease) in cash (152,559) 437,865

Cash, beginning of year 641,051 203,186

Cash, end of year \$ 488,492 \$ 641,051

The accompanying notes are an integral part of the financial statements

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2019

Newgen Software Technologies Canada, Ltd. ("the Company") was incorporated under the laws of the Province of Ontario on April 26, 2012. The Company is a subsidiary of Newgen Software Technologies Limited, which is incorporated and listed in India. The company is located in Ontario and provides software development, engineering and technical support services and license subscription to its customers across Canada through utilizing the resources of its parent company.

1. Summary of significant accounting policies

The financial statements of the Company have been prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies followed by the Company are summarized below:

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates including those related to impairment of financial assets, useful life of equipment and revenue recognition. Management believes that the estimates and assumptions used in preparing its financial statements are reasonable and prudent; however, actual results could differ from those estimates.

Accounts receivable

Accounts receivable are stated at amounts due, net of provision for amounts estimated to be uncollectible.

Equipment

Equipment is stated at cost less accumulated amortization. Amortization is provided over the estimated useful lives at the following rates and methods:

Computer equipment	-	straight line over 3 years
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Revenue recognition

Revenue for product engineering and support services is accounted for when there is persuasive evidence that an arrangement exists, the services have been rendered to the customers, the price is fixed or determinable, and collection is reasonably assured.

Revenue from solutions license subscription is recognized on a straight-line basis, whereby the total amount of cash to be received under a subscription agreement is recognized into income in equal periodic amounts over the term of the subscription agreement.

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2019

1. Summary of significant accounting policies (*continued*)

Income taxes

The Company uses the taxes payable method of accounting for income taxes. Under this method, the Company reports as an expense (income) of the period only the cost (benefit) of current income taxes payable determined in accordance with the rules established by taxation authorities.

Translation of foreign currencies

The Company uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate in effect at the date of transaction. Revenues and expenses are translated at the average exchange rates prevailing during the year, except for amortization which are translated at historic rates. Exchange gains or losses are included in the statement of income.

Measurement of financial instruments

The Company initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Company subsequently measures all its financial assets and liabilities at cost or amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Company has not designated any financial asset or liability to be measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Employee Stock Option Plan ("ESOP") of parent company

The cost of shares issued to the Company's employees under Newgen Software Technologies Limited ("NSTL"), the parent company's ESOP, is shown as an increase of wages and benefits expenses and contributed surplus. Compensation expense is based on the fair market value of the options at the date of grant, calculated by using Black-Scholes Model. Compensation expense is recognized over the required service period, generally defined as the vesting period. For grant with graded vesting, compensation expense is recognized on a straight-line basis over each requisite vesting period.

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2019

2. Accounts receivable

	2019	2018
		<i>(Restated)</i>
Trade receivable	\$ 583,329	\$ 433,490
Provision for impairment	(56,216)	-
	\$ 527,113	\$ 433,490

3. Equipment

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
				<i>(Restated)</i>
Computer equipment	\$ 6,674	\$ 5,089	\$ 1,585	\$ 1,211

Amortization expense for the year amounted to \$1,056 (\$1,348 for 2018).

4. Incorporation costs

	2019	2018
		<i>(Restated)</i>
Cost	\$ 4,791	\$ 4,791
Accumulated amortization	(2,000)	(1,500)
	\$ 2,791	\$ 3,291

Amortization expense for the year amounted to \$500 (\$500 for 2018).

5. Income tax

The Company accounts for income taxes using the taxes payable method. The reconciliation of income tax computed at statutory rates to the provision for income taxes are as follows:

	2019	2018
		<i>(Restated)</i>
Income (loss) before income taxes	\$ 100,114	\$ 52,484
Combined corporate income tax rate (%)	26.50	26.50
Computed income tax expense	26,529	13,908
Increase (decrease) in taxes resulting from:		
Tax on CCA in excess of amortization	(62)	242
Tax on non-deductible expenses	140	68
Income tax expense	\$ 26,607	\$ 14,218

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2019

6. Accounting adjustment

The Company has determined that incorporation costs expensed in 2016 should have been capitalized rather than expensed. As a result, the retained earnings balance as at April 1, 2017 was understated by \$2,521 which represents the incorporation costs of \$4,791 less accumulated amortization of \$1,000 and related income taxes of \$1,270. The incorporation costs asset and income taxes payable in the 2018 balance sheet have been increased by \$3,291 and \$1,270 respectively, and amortization expense and net income in the 2018 income statement has been increased by \$500 and reduced by \$500 respectively. This error has been corrected by restating the comparative statements.

7. Financial instruments

The Company is exposed to various risks through its financial instruments, without being exposed to concentration of risk. The following analysis provides a measure of the Company's risk exposure as at March 31, 2019.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is not exposed to significant liquidity risk.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk relate to its accounts receivable by providing credit to its customers in the normal course of operations. For these and other debts, the Company determines on a continuing basis, the probable losses and sets up provisions for losses based on the estimated realizable value where necessary.

The Company derived net sales from two (2018 - three) major customers amounting to approximately \$871,400 (2018 - \$1,234,000), representing 39% (2018 - 65%) of total revenues . Accounts receivable from the above significant customers at March 31, 2019 amounted to approximately \$99,600 (2018 - \$286,500).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk as a significant volume of its sales transactions are denominated in U.S. dollars. Unfavourable changes in the foreign exchange rate may impact earnings and accounts receivable.

Foreign exchange loss on monetary assets and liabilities in the amount of \$5,019 (2018 - \$1,889) are included in the determination of earnings.

At year end, the Company had the following amounts denominated in foreign currencies:

Accounts receivable	\$ 114,143 U.S.
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NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.
NOTES TO FINANCIAL STATEMENTS
For the year ended March 31, 2019

8. Contractual obligations

The Company is committed under a long-term lease for premises expiring in September 2019. Minimum annual lease payments (exclusive of the requirement to pay taxes, insurance and maintenance costs) over the next one year is approximately as follows:

Year ending March 31, 2020	\$ 24,500
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The Company has committed under a partnership agreement to pay a collaborative party commissions at 7% on license subscription revenue from the orders procured by the collaborative party. During the year, the collaborative party has secured a two-year license sales agreement with an annual revenue of \$371,500.

9. Related party transactions

Newgen Software Technologies Limited and the Company are related parties by virtue of control.

During the year, the Company engaged in transactions in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, as follows:

	2019	2018
		<i>(Restated)</i>
Sub-contracts	\$ 1,278,463	\$ 1,161,781

As at March 31, 2019, trade account balance owing to the above-noted related party amounted to \$484,163 (2018 -\$870,858).

10. ESOP of NSTL, the parent company, allocated to the Company's employees

NSTL, the parent company, formed a leveraged ESOP in 2014 with a March 31 year-end and the first grant was January 1, 2015. Each option is convertible into one equity share having face value of INR10 of NSTL at an exercise price of INR63 per share. The fair value of each option as on grant date is INR15.41, calculated by using black-scholes model. The granted options have been vested over four-year service period on January 1, 2016, 2017, 2018 and 2019 respectively.

Two employees of the Company were granted 24,750 options on January 1, 2015, with 2,750 lapsed by the balance sheet date. The employee compensation expense is \$3,570, \$1,692, \$944, \$352 for the fiscal year ended March 31, 2016, 2017, 2018 and 2019 respectively. The cumulative effect as at March 31, 2019 is overstatement of retained earnings by \$6,558 and understatement of contributed surplus by \$6,558. As the amounts are not significant and have no effect on the Company's income tax liability, the Company's management determines that these amounts are not recorded in the Company's book records.

11. Comparative figures

Certain comparative figures for the year ended March 31, 2018 have been reclassified to be in conformity with the presentation adopted in the current year.



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April 14, 2019

Newgen Software Technologies Canada, Ltd.
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

Attention: Diwakar Nigam

Dear Mr. Nigam:

The purpose of this letter is to outline the terms of our engagement to audit the financial statements of Newgen Software Technologies Canada, Ltd., which comprise the balance sheet as at March 31, 2019, the statement of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Objective, scope and limitations

Our statutory function as auditor of Newgen Software Technologies Canada, Ltd. is to report to the shareholder by expressing an opinion on Newgen Software Technologies Canada, Ltd.'s annual financial statements. We will conduct our audit in accordance with Canadian auditing standards and will issue an audit report.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to error or fraud.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- a) Factors such as use of judgment, and the use of testing of the data underlying the financial statements;
- b) Inherent limitations of internal control; and
- c) The fact that much of audit evidence available to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian auditing standards.

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 (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed in accordance with Canadian auditing standards.

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements 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.

Unless unanticipated difficulties are encountered, our report will be substantially in the form set out in the attachment.

Any specific restrictions on the use or intended users of the auditors' report, and statement about the specific restrictions will be set out in the auditors' report.

If our opinion on the financial statements is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form, or have not formed, an opinion, we may decline to express an opinion as a result of this engagement.

Our Responsibilities

We will perform the audit in accordance with Canadian auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian accounting standards for private enterprises. Accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning the affairs of Newgen Software Technologies Canada, Ltd. without Newgen Software Technologies Canada, Ltd.'s prior consent, unless required to do so by legal authority, or the Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants Ontario.

The objective of our audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if we identify any of the following matters, they will be communicated to the appropriate level of management:

- a) Misstatements, resulting from error, other than trivial errors;
- b) Fraud or any information obtained that indicates that a fraud may exist;
- c) Any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- d) Significant deficiencies in the design or implementation of internal controls to prevent and detect fraud or error; and
- e) Related-party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management and those charged with governance in discharging their responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

We will consider Newgen Software Technologies Canada, Ltd.'s internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

Management's Responsibilities

Financial statements

- (a) The preparation and fair presentation of Newgen Software Technologies Canada, Ltd.'s financial statements in accordance with Canadian accounting standards for private enterprises;

Completeness of information

- (a) Providing us with and making available complete financial records and related data, and copies of all minutes of meetings of shareholder, directors and committees of directors and other matters;
- (b) Providing us with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- (c) Providing us with information relating to any illegal or possibly illegal acts, and all facts related thereto;
- (d) Providing us with information regarding all related parties and related-party transactions;
- (e) Any additional information that we may request from management for the purpose of this audit; and
- (f) Providing us with unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

Fraud and error

- (a) Internal control that management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) An assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- (c) Providing us with information relating to fraud or suspected fraud affecting the entity involving:
 - i) Management;
 - ii) Employees who have significant roles in internal control; or
 - iii) Others, where the fraud could have a non-trivial effect on the financial statements;
- (d) Providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- (e) Communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole;

Recognition, measurement and disclosure

- (a) Providing us with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
- (b) Providing us with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- (c) Providing us with information relating to the measurement and disclosure of transactions with related parties;
- (d) Providing us with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with Measurement Uncertainty, the *CICA Handbook - Accounting Section 1508*;
- (e) Providing us with information relating to claims and possible claims, whether or not they have been discussed with the company's legal counsel;

- (f) Providing us with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which Newgen Software Technologies Canada, Ltd. is contingently liable;
- (g) Providing us with information on whether Newgen Software Technologies Canada, Ltd. has satisfactory title to assets, liens or encumbrances on existing assets, or assets that are pledged as collateral;
- (h) Providing us with information relating to compliance with aspects of contractual agreements that may affect the financial statements;
- (i) Providing us with information concerning subsequent events; and
- (j) Providing us with representations on specific matters communicated to us during the engagement.

Written confirmation of significant representations

- (a) Providing us with written confirmation of significant representations provided to us during the engagement on matters that are:
 - i) Directly related to items that are material, either individually or in the aggregate, to the financial statements;
 - ii) Not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement; and
 - iii) Relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

Use and Distribution of Our Report

The examination of the financial statements and the issuance of our audit opinion are solely for the use of the Company and those to whom our report is specifically addressed by us. We make no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us.

Working Papers and Confidentiality of Client Information

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the engagement are the property of our Firm and will be retained by us in accordance with our Firm's policies and procedures.

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the basis that:

- (a) You represent to us that management has obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and
- (b) We will hold all personal information in compliance with our Firm's privacy policy.

In accordance with professional regulations and by our Firm policy, our client files must periodically be reviewed by practice inspectors and by other file quality reviewers to ensure that we are adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

Schedule, fees and billings

We understand that you will prepare various schedules and analysis and will make other documents available to us as required before our engagement is planned to commence. This assistance will facilitate our work and will help minimize our costs. Any failure to provide these working papers or documents on a timely basis may impede our services and result in increased audit fees.

We will use all reasonable efforts to complete the engagement as described in this letter within the agreed upon time frames. However, we shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by Newgen Software Technologies Canada, Ltd. of its obligations.

Other Terms of Engagement

In addition to the audit services referred to above, we will prepare the necessary federal and provincial income tax returns, and other special reports as required. Management will provide the information necessary to complete the returns/reports and will file them with the appropriate authorities on a timely basis.

The above terms of our engagement will be effective from year to year until amended or terminated in writing.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of being of service to your company.


Yours very truly,



Ardell Luo, CPA, CA, Partner
Leung Luo Pang LLP, Chartered Professional Accountants
Tel: 416.335.6600 ext. 201
Fax: 416.800.7567
Email: ardell@leungluoca.com

The services and terms set out above are acknowledged and agreed by:
Newgen Software Technologies Canada, Ltd.

Date: 15 April 2019

Per: 
Diwakar Nigam, Director

INDEPENDENT AUDITORS' REPORT

To the Shareholder of
Newgen Software Technologies Canada, Ltd.

We have audited the accompanying financial statements of Newgen Software Technologies Canada, Ltd., which comprise the balance sheet as at March 31, 2019, and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Newgen Software Technologies Canada, Ltd. as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises:

Richmond Hill, Canada
Date

**Chartered Professional Accountants
Licensed Public Accountants**

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.

199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

May 13, 2019

Leung Luo Pang LLP, Chartered Professional Accountants
15 Wertheim Court, Suite 304
Toronto, Ontario
L4B 3H7

Dear Sir/Madam:

This representation letter is provided in connection with your audit of the financial statements of Newgen Software Technologies Canada, Ltd. for the year ended March 31, 2019 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for private enterprises.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 14, 2019 for the preparation of the financial statements in accordance with Canadian accounting standards for private enterprises; in particular, the financial statements are fairly presented in accordance therewith.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. (CAS 540)
3. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for private enterprises.
4. All events subsequent to the date of the financial statements and for which Canadian accounting standards for private enterprises require adjustment or disclosure have been adjusted or disclosed. (CAS 560)
5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. (CAS 450)

Information Provided

6. We have provided you with:
 - i) Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ii) Additional information that you have requested from us for the purpose of the audit; and
 - iii) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

7. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. (CAS 240)
 - ii) We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements. (CAS 240)
 - iii) We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others. (CAS 240)
 - iv) We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. (CAS 250)
 - v) We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware. (CAS 550)

Yours very truly,

NEWGEN SOFTWARE TECHNOLOGIES CANADA, LTD.

Diwakar Nigam, President

Varadarajan T S Iyengar, Treasurer



Leung Luo Pang LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Park Place Corporate Centre
15 Wertheim Court, Suite 304
Richmond Hill, ON L4B 3H7
Tel: (416) 335-6600
Fax: (416) 800-7567

April 18, 2019

The Board of Directors
Newgen Software Technologies Canada, Ltd.
199 Bay Street, Suite 4000
Toronto, Ontario, M5L 1A9

Dear Sirs:

Re: Audit Plan of Newgen Software Technologies Canada, Ltd. for the year ended March 31, 2019

We have been engaged to audit the financial statements of Newgen Software Technologies Canada, Ltd. for the year ended March 31, 2019. Canadian generally accepted auditing standards require that we communicate the following information with you in relation to your audit.

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. This includes the design and maintenance of accounting records, recording transactions, selecting and applying accounting policies, safeguarding of assets and preventing and detecting fraud and error.

This communication is intended solely for the use of the board of directors and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication. The audit would not necessarily identify all matters that may be of interest to the board of directors in fulfilling its responsibilities.

Management, with the oversight of those charged with governance, is responsible for the preparation of the financial statements, which includes responsibilities for the design and implementation of internal control, maintaining accounting records, selecting and applying accounting policies, safeguarding assets and preventing and detecting error and fraud.

SERVICES

Audit services

We have been engaged to perform the audit of the financial statements of Newgen Software Technologies Canada, Ltd. for the year ended March 31, 2019.

Non-audit services

We have also been engaged to prepare and file the corporate tax return of Newgen Software Technologies Canada, Ltd. for the year ended March 31, 2019.

RESPONSIBILITY

In performing our audit in accordance with generally accepted auditing standards, the level of responsibility assumed under those standards is as follows:

- (i) Our responsibility as auditors is to express an opinion on the financial statements in accordance with Canadian accounting standards for private enterprises, based on an audit thereof;
- (ii) An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free from material misstatement and, owing to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed;
- (iii) The audit includes:
 - (a) assessing the risk that the financial statements may contain misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
 - (b) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
 - (c) assessing the accounting principles used and their application; and
 - (d) assessing the significant estimates made by management.
- (iv) Sufficient understanding of the corporation and its environment, including internal control, will be obtained to plan the audit. This involves evaluating the design of a control and determining whether it has been implemented. It will also include management's assessment of the risk that the financial statements may be materially misstated as a result of fraud and error; and the internal controls put in place by management to address such risks.

AUDIT APPROACH

- (i) Our risk-based audit approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on higher risk areas. Areas of the financial statements identified by us as having high inherent risk, relative to other financial statement items, are as follows:
 - (a) Sales revenue and accounts receivable - due to the significant balance/amount. Our procedures in this area are to agree the sum of the revenue and HST collected from the sales invoices to the G/L, to review invoices issued after the year end, to send confirmations on major A/R balances, to vouch subsequent A/R collections, and to perform analytical procedures on the A/R balances. We will also discuss the provision for doubtful accounts, if any, with you to determine the bad debt that should be recorded.
 - (b) Accounts payable and accrued liabilities - due to potential improper cut-off issues that could cause expenses incurred in current period being deferred to the next fiscal period. Our procedures in this area are to agree A/P listing to G/L, to perform analytical procedures on the accrued liabilities listing, to review invoices received subsequent to year end and accrue those related to current year, to review bank statements and G/L subsequent to year end for items that could be related to current year.

- (ii) Our engagement risk has been assessed as low for the audit and the materiality limit we plan to use is \$22,200 with \$2,080 being regarded as a significant transaction.
- (iii) In responding to our risk assessment, our audit approach is completely substantive. A substantive approach has been adopted since it is more efficient to perform tests of detail on account balances instead of testing the operating effectiveness of internal controls. In obtaining our audit evidence through the performance of substantive procedures only, it is still necessary for us to obtain an understanding of:
 - (a) The control environment, and control activities;
 - (b) Information systems that collect, record and process data and report the resulting information.
- (iv) Our audit work will be performed in April 2019 in order to meet your reporting deadlines, subject to your provision in time of complete information and documents as requested.

When the audit is completed, we will then communicate, if necessary, to the board of directors any significant matters arising from the audit.

We appreciate the opportunity of being of service to you.

Yours very truly,



Ardell Luo, CPA, CA, Partner
Leung Luo Pang LLP, Chartered Professional Accountants
Tel: 416.335.6600 ext. 201
Fax: 416.800.7567
Email: ardell@leungluoca.com



Leung Luo Pang LLP
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LICENSED PUBLIC ACCOUNTANTS

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Richmond Hill, ON L4B 3H7
Tel: (416) 335-6600
Fax: (416) 800-7567

May 13, 2019

The Board of Directors
Newgen Software Technologies Canada, Ltd.
199 Bay Street, Suite 4000
Toronto, Ontario M5L 1A9

Dear Sirs:

**Re: Matters arising from the audit of Newgen Software Technologies Canada, Ltd.
For the year ended March 31, 2019**

This communication is prepared solely for the information of the board of directors and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication. The audit would not necessarily identify all matters that may be of interest to the board of directors in fulfilling its responsibilities.

We have been engaged to audit the financial statements of Newgen Software Technologies Canada, Ltd. for the year ended March 31, 2019. The primary purpose of our audit is to gather sufficient evidence to enable us to express an opinion on the financial statements of the Company. Canadian auditing standards require that we communicate the following information with you in relation to our audit.

AUDIT APPROACH

In responding to our risk assessment, a substantive approach had been adopted since it was considered more efficient to perform tests of detail on account balances instead of testing the operating effectiveness of internal controls.

INTERNAL CONTROLS

As our audit of the financial statements was based on a substantive approach, we did not incorporate testing the operating effectiveness of internal controls. Based on our understanding of the internal controls and discussion with management and staff, we have the following suggestions:

- Accounts receivable and revenue denominated in US dollar were translated to Canadian dollar at exchange rates off from the rates published by the Bank of Canada. A/R should be translated at the exchange rate at fiscal year end and revenue should be translated at the average rates prevailing during each period, e.g. monthly average rates. We recommend that the Company checks the published rates regularly through the link below and applies the proper rates.
<https://www.bankofcanada.ca/rates/exchange/monthly-exchange-rates/>

- We were informed in current year of NSTL's ESOP allocated to Canadian subsidiary's employees since fiscal year 2016. As such, employee expenses and contributed surplus balance in previous years were understated, though the cumulative amount is not material. We recommend that the Company informs us all the events that could have an impact on the Company's financials or disclosures, e.g. ESOP, bonus plan, guarantees, contingent liabilities, commitments, etc..
- Expenses in the same nature were not recorded consistently from year to year, e.g. sponsorship fees were recorded sometimes as promotion expense and sometimes as dues and subscription or exhibitions expense; disbursements on legal invoices were recorded sometimes as professional fees and sometimes as office supplies expense; certain charges per Regus invoices were recorded sometimes as Office Supplies and sometimes as telephone expense. We recommend that the Company's staff review prior year's book records and general ledger and record properly.
- ITC input on certain expenditures were not recorded properly. We recommend that the Company reviews the vendor invoices carefully and record the ITC input exactly as per vendor invoices, as it is to the Company's benefit to claim the ITC paid. In addition, the company is eligible to claim ITC input on reimbursements to employees of business expenses paid by employees directly.
- Canada Revenue Agency, from time to time, reviews transfer pricing issue of companies with overseas related parties, in order to ensure that profit that should have been taxed in Canada will not be transferred to other countries. Please be prepared for such potential review and prepare sufficient documents to support the fairness of the offshore development charges.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review their appropriateness and application as part of our audit. The accounting policies used by the Company are described in Note 1, Summary of Significant Accounting Policies, to the financial statements.

FRAUD AND ILLEGAL ACTS

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. Due to the nature of fraud, we cannot guarantee that fraud and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

We shall be pleased to discuss with you further any matters mentioned above, at your convenience.

Should any member of the board of directors wish to discuss or review any matter addressed in this letter or any other matters related to our audit, please do not hesitate to contact us at any time.

We appreciate the opportunity of being of service to you.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Ardell Luo', written in a cursive style.

Ardell Luo, CPA, CA, Partner
Leung Luo Pang LLP, Chartered Professional Accountants
Tel: 416.335.6600 ext. 201
Fax: 416.800.7567
Email: ardell@leungluoca.com

Newgen Software Technologies Canada, Ltd.

Year End: March 31, 2019

Trial balance grouped by mapping with annotations

Approved by client: _____

Account	Prelim	Adj's	Reclass	Rep Annotation	Rep 03/18	%Chg
1000 Bank ICICI - CN	473,956.10	0.00	0.00	473,956.10	628,050.98	(25)
1220 Petty Cash - Sameer Kundu	2,536.15	0.00	0.00	2,536.15	5,000.00	(49)
1230 Petty Cash-Navdeep Brar	3,999.65	0.00	0.00	3,999.65	4,000.01	0
1240 Petty Cash-Gaurav Sharma	3,999.98	0.00	0.00	3,999.98	4,000.00	0
1250 Petty Cash - Kunal Khanna	<u>4,000.00</u>	<u>0.00</u>	<u>0.00</u>	4,000.00	<u>0.00</u>	<u>0</u>
115 Cash	488,491.88	0.00	0.00	488,491.88 <u>A</u>	641,050.99	(24)
1300 Accounts Receivable	581,004.21	0.00	0.00	581,004.21	433,489.68	34
1305 FX Adjustment on US\$ AR	0.00	2,324.91	0.00	2,324.91	0.00	0
1310 Provision for Doubtful Debts	<u>(56,216.60)</u>	<u>0.00</u>	<u>0.00</u>	(56,216.60)	<u>(0.05)</u>	<u>12433100</u>
125 Accounts receivable	524,787.61	2,324.91	0.00	527,112.52 <u>C</u>	433,489.63	22
1500 Prepaid - Rent	4,082.00	0.00	0.00	4,082.00	5,060.14	(19)
1510 Prepaid - Insurance	4,972.41	0.00	0.00	4,972.41	2,597.60	91
1520 Security Deposit	<u>7,850.00</u>	<u>0.00</u>	<u>0.00</u>	7,850.00	<u>7,850.00</u>	<u>0</u>
135 Prepaid expenses and sundry	16,904.41	0.00	0.00	16,904.41 <u>L</u>	15,507.74	9
1830 Computer Equipments	<u>6,860.30</u>	<u>(185.90)</u>	<u>0.00</u>	6,674.40 <u>U</u>	5,244.43	27
157 Computer equipment	6,860.30	(185.90)	0.00	6,674.40	5,244.43	27
1930 Accumulated Depreciation - Compute	<u>(5,203.90)</u>	<u>115.16</u>	<u>0.00</u>	(5,088.74) <u>U</u>	<u>(4,032.92)</u>	<u>26</u>
177 Computer equipment - accum. am	(5,203.90)	115.16	0.00	(5,088.74)	(4,032.92)	26
1880 Incorporation Costs	<u>0.00</u>	<u>4,791.00</u>	<u>0.00</u>	4,791.00 <u>U</u>	<u>4,791.00</u>	<u>0</u>
191.100 Incorporation costs	0.00	4,791.00	0.00	4,791.00	4,791.00	0
1980 Acc Amort - Incorporation Costs	<u>0.00</u>	<u>(2,000.00)</u>	<u>0.00</u>	(2,000.00) <u>U</u>	<u>(1,500.00)</u>	<u>33</u>
192.100 Incorporation costs - accum. amort	0.00	(2,000.00)	0.00	(2,000.00)	(1,500.00)	33
2000 Accounts Payable	0.00	0.00	0.00	0.00	(5,000.00)	(100)
2020 Expense Payable	(62,428.00)	33,103.00	0.00	(29,325.00)	(20,980.71)	40
2050 Accounts Payable-Related Party	(484,163.19)	0.00	0.00	(484,163.19)	(870,857.88)	(44)
2100 Accrued Liabilities	<u>0.00</u>	<u>(7,100.00)</u>	<u>0.00</u>	(7,100.00)	<u>(6,500.00)</u>	<u>9</u>
220 Accounts payable and accrued liabilities	(546,591.19)	26,003.00	0.00	(520,588.19) <u>BB</u>	(903,338.59)	(42)
2120 HST Available	61,817.94	269.41	0.00	62,087.35 <u>CC.1</u>	96,266.22	(36)
2130 Canada HST Payable	(5,925.81)	0.00	0.00	(5,925.81) <u>CC.1</u>	0.00	0
2140 HST Payable	6,467.39	0.00	0.00	6,467.39 <u>CC.1</u>	(12,189.55)	(153)
2180 Canada PST Payable	0.00	0.00	0.00	0.00	(0.20)	(100)
2190 HST/GST Payable account	<u>(41,996.15)</u>	<u>0.00</u>	<u>0.00</u>	(41,996.15) <u>CC.1</u>	<u>(53,001.43)</u>	<u>(21)</u>
228.200 GST/HST remittances payable	20,363.37	269.41	0.00	20,632.78	31,075.04	(34)
2150 Advance Income Tax	14,219.14	0.00	0.00	14,219.14 <u>DD</u>	0.00	0
2700 Provision of Income Tax	<u>(19,148.14)</u>	<u>(7,458.86)</u>	<u>0.00</u>	(26,607.00) <u>DD</u>	<u>(15,482.82)</u>	<u>72</u>
230 Income taxes payable	(4,929.00)	(7,458.86)	0.00	(12,387.86) <u>DD</u>	(15,482.82)	(20)
2250 Deferred Revenue	<u>(244,231.64)</u>	<u>0.00</u>	<u>0.00</u>	(244,231.64)	<u>0.00</u>	<u>0</u>
235 Deferred revenue	(244,231.64)	0.00	0.00	(244,231.64) <u>FF</u>	0.00	0

5/13/19
10:21 AM

Prepared by	Reviewed by
EZ 4/30/19	AL 5/07/19

Newgen Software Technologies Canada, Ltd.

Year End: March 31, 2019

Trial balance grouped by mapping with annotations

Approved by client: _____

Account	Prelim	Adj's	Reclass	Rep Annotation	Rep 03/18	%Chg
3000 Share Capital	(100,000.00)	0.00	0.00	(100,000.00) ¹	(100,000.00)	0
291 Common shares	(100,000.00)	0.00	0.00	(100,000.00)	(100,000.00)	0
3100 Retained Earnings	(104,783.36)	(2,021.00)	0.00	(106,804.36) ²	(68,540.70)	56
294 Retained earnings	(104,783.36)	(2,021.00)	0.00	(106,804.36)	(68,540.70)	56
4000 Canada Sales - Software Dev.	(2,113,581.42)	(4,042.48)	0.00	(2,117,623.90)	(1,832,705.20)	16
4100 Canada Sales - Products	(20,000.00)	0.00	0.00	(20,000.00)	(62,866.00)	(68)
4200 Canada Sales - AMC	(83,476.00)	0.00	0.00	(83,476.00)	0.00	0
4800 Misc. Income	0.00	0.00	0.00	0.00	(2,835.60)	(100)
305 Sales	(2,217,057.42)	(4,042.48)	0.00	(2,221,099.90) PL100	(1,898,406.80)	17
5100 ADVERTISING AND PROMOTION	0.00	15,000.00	0.00	15,000.00	7,500.00	100
5700 Exhibitions and Seminars	8,129.00	(7,000.00)	0.00	1,129.00 PL300	0.00	0
501 Advertising and promotion	8,129.00	8,000.00	0.00	16,129.00	7,500.00	115
5200 Depreciation	1,170.98	384.84	0.00	1,555.82	1,848.38	(16)
503 Amortization	1,170.98	384.84	0.00	1,555.82 PL300	1,848.38	(16)
5300 Bad Debts	52,773.00	0.00	0.00	52,773.00	34,774.99	52
504 Bad debts	52,773.00	0.00	0.00	52,773.00 PL300	34,774.99	52
5600 Bank Service Charges	2,133.51	0.00	0.00	2,133.51	1,087.65	96
5620 Penalty & interest	356.90	170.86	0.00	527.76	254.82	107
505 Bank charges and interest	2,490.41	170.86	0.00	2,661.27 PL300	1,342.47	98
5400 Sales Commission	52,006.50	(26,003.00)	0.00	26,003.50 PL300	0.00	0
509 Commissions	52,006.50	(26,003.00)	0.00	26,003.50	0.00	0
7000 Currency Fluctuation Gain/Loss	3,301.81	1,717.57	0.00	5,019.38 PL100	1,888.81	166
522 Foreign exchange loss	3,301.81	1,717.57	0.00	5,019.38	1,888.81	166
6000 Rent	48,042.00	0.00	0.00	48,042.00	46,194.00	4
538 Occupancy costs	48,042.00	0.00	0.00	48,042.00 PL300	46,194.00	4
5630 Short & Excess	(10.26)	0.00	0.00	(10.26)	0.00	0
5810 Office Supplies	16,387.69	(80.13)	0.00	16,307.56	15,239.88	7
5860 Dues and Subscription	9,367.70	(8,000.00)	0.00	1,367.70	0.00	0
6740 Payroll Expenses:ADP Charges	5,121.48	0.00	0.00	5,121.48	5,746.24	(11)
540 Office and general	30,866.61	(8,080.13)	0.00	22,786.48 PL300	20,986.12	9
5900 Professional services	6,507.13	(5,328.96)	0.00	1,178.17	3,939.14	(70)
5940 Audit Fees	0.00	7,000.00	0.00	7,000.00	12,100.00	(42)
542 Professional fees	6,507.13	1,671.04	0.00	8,178.17 PL300	16,039.14	(49)
6300 Offshore develop & support	1,278,463.00	0.00	0.00	1,278,463.00	1,161,780.89	10
6650 Sub-contractors	0.00	(1,590.91)	0.00	(1,590.91)	31,190.47	(105)

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Newgen Software Technologies Canada, Ltd.

Year End: March 31, 2019

Trial balance grouped by mapping with annotations

Approved by client: _____

Account	Prelim	Adj's	Reclass	Rep Annotation	Rep 03/18	%Chg
551 Sub-contracts	1,278,463.00	(1,590.91)	0.00	1,276,872.09 <u>PL300</u>	1,192,971.36	7
6600 Telephone Expenses	<u>9,903.10</u>	<u>(83.51)</u>	<u>0.00</u>	9,819.59	<u>4,714.20</u>	108
554 Telephone	9,903.10	(83.51)	0.00	9,819.59 <u>PL300</u>	4,714.20	108
6540 Travel and Entertainment	3,224.95	0.00	0.00	3,224.95	3,628.65	(11)
6550 Travel - Air/ Rail Expenses	50,009.17	0.00	0.00	50,009.17	41,505.08	20
6570 Travel - Ground Transportation	31,287.10	0.00	0.00	31,287.10	15,151.58	106
6580 Travel - Hotel Expenses	27,084.37	0.00	0.00	27,084.37	25,601.25	6
6590 Travel - Travel Meals	<u>19,249.76</u>	<u>0.00</u>	<u>0.00</u>	19,249.76	<u>19,101.76</u>	1
555 Travel	130,855.35	0.00	0.00	130,855.35 <u>PL300</u>	104,988.32	25
5550 Medical Insurance - Group	43,997.74	0.00	0.00	43,997.74	33,050.14	33
6700 Payroll Expenses:Salary	423,640.44	0.00	0.00	423,640.44	320,357.04	32
6710 Bonus	31,208.80	0.00	0.00	31,208.80	42,024.00	(26)
6720 Payroll Expenses:CPP	14,597.50	0.00	0.00	14,597.50	12,189.32	20
6730 Payroll Expenses:EI	<u>6,846.57</u>	<u>0.00</u>	<u>0.00</u>	6,846.57	<u>5,056.71</u>	35
560 Wages and benefits	520,291.05	0.00	0.00	520,291.05 <u>PL300</u>	412,677.21	26
8000 Income Tax	<u>20,589.00</u>	<u>6,018.00</u>	<u>0.00</u>	26,607.00 <u>DD</u>	<u>14,218.00</u>	87
801 Current	20,589.00	6,018.00	0.00	26,607.00	14,218.00	87
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0</u>
Net Income (Loss)	51,668.48			73,506.20	38,263.80	92

1. Per share certificates, the shares are 100% held by Newgen Software Technologies Limited (an Indian company) and consist of the following:

- 100 common shares at \$0.10 per share issued on 4/26/2012
- 999,900 common shares at \$0.10 per share issued on 9/10/2012
-
- 1,000,000 common shares at \$0.10 per share = \$100,000.

2. Agreed to P/Y R/E ending balance per audited P/Y F/S plus adjusting for accounting error in C/Y. See YY.

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Newgen Software Technologies Canada, Ltd.

Year End: March 31, 2019

Adjusting journal entries

Approved by client: _____

Date: 4/01/18 To 3/31/19

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence
1	3/31/19	N	FX Adjustment on US\$ AR	1305	C. 1		2,324.91		
1	3/31/19	N	Currency Fluctuation Gain/Loss	7000	C. 1			2,324.91	
To adjust foreign exchange on US\$ AR balance based on year-end exchange rate									Recurring
2	3/31/19	N	Incorporation Costs	1880	YY		4,791.00		
2	3/31/19	N	Acc Amort - Incorporation Costs	1980	YY			1,500.00	
2	3/31/19	N	Provision of Income Tax	2700	YY			1,270.00	
2	3/31/19	N	Retained Earnings	3100	YY			2,021.00	
To record effect of correcting accounting error re CRA reassessment of F2016 professional fees									
3	3/31/19	N	Accumulated Depreciation - Computer	1930	U		115.16		
3	3/31/19	N	Acc Amort - Incorporation Costs	1980	U			500.00	
3	3/31/19	N	Depreciation	5200	U		384.84		
To adjust amortization expense for the year as per amortization continuity schedule									Recurring
4	3/31/19	N	Computer Equipments	1830	U. 1			185.90	
4	3/31/19	N	HST Available	2120	U. 1		185.90		
To adjust ITC recorded as cost of the computer by client									
5	3/31/19	N	Expense Payable	2020	PL360		26,003.00		
5	3/31/19	N	Sales Commission	5400	PL360			26,003.00	
To reverse commission payable accrual to UPBSI re First West Union contract for Sep 2019-Sep 2020 revenue									
6	3/31/19	N	Canada Sales - Software Dev.	4000	PL100. 1			4,042.48	
6	3/31/19	N	Currency Fluctuation Gain/Loss	7000	PL100. 1		4,042.48		
To adjust foreign exchange on revenue denominated in US\$ based on average monthly exchange rate published by Bank of Canada									Recurring
7	3/31/19	N	Professional services	5900			1,590.91		
7	3/31/19	N	Sub-contractors	6650				1,590.91	
To reallocate P/Y subcontractor overaccrual from professional fees to subcontractor a/c (client accrued as subcontractor fee in P/Y)									
8	3/31/19	N	Expense Payable	2020			7,100.00		
8	3/31/19	N	Accrued Liabilities	2100				7,100.00	
8	3/31/19	N	Professional services	5900				7,000.00	
8	3/31/19	N	Audit Fees	5940			7,000.00		
To reallocate audit fee from professional fee to audit fee a/c and reallocate accrual from expenses payable to accrued liabilities a/c (for T/B comparison purpose, DO NOT POST}									
9	3/31/19	N	HST Available	2120	PL350. 1		83.51		
9	3/31/19	N	ADVERTISING AND PROMOTION	5100	PL350. 1		8,000.00		
9	3/31/19	N	ADVERTISING AND PROMOTION	5100	PL350. 1		7,000.00		

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EZ 4/30/19	AL 5/07/19

Newgen Software Technologies Canada, Ltd.

Year End: March 31, 2019

Adjusting journal entries

Approved by client: _____

Date: 4/01/18 To 3/31/19

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence
9	3/31/19	N	Exhibitions and Seminars	5700	PL350. 1			7,000.00	
9	3/31/19	N	Office Supplies	5810	PL350. 1			80.13	
9	3/31/19	N	Dues and Subscription	5860	PL350. 1			8,000.00	
9	3/31/19	N	Professional services	5900	PL350. 1		80.13		
9	3/31/19	N	Telephone Expenses	6600	PL350. 1			83.51	
To reallocate expenses to proper accounts in order to be consistent from prior year									Recurring
10	3/31/19	N	Provision of Income Tax	2700				170.86	
10	3/31/19	N	Penalty & interest	5620			170.86		
To reallocate penalty & interest portion on F2016 income tax reassessment									
11	3/31/19	N	Provision of Income Tax	2700	DD			6,018.00	
11	3/31/19	N	Income Tax	8000	DD		6,018.00		
To adjust income tax provision for the year based on tax return									Recurring
							74,890.70	74,890.70	
Net Income (Loss)				73,506.20					

Prepared by	Reviewed by
EZ 4/30/19	AL 5/07/19

Newgen Software Technologies Canada, Ltd.
Period ending: March 31, 2019
Summary of Identified Misstatements

AL	
5/4/2018	

Objective: To document misstatements identified during the audit and to evaluate:

- The effect of identified misstatements on the audit.
- The effect of uncorrected misstatements, if any, on the financial statements.

Performance materiality 14,250 Insignificant misstatements under \$ 950 need not be recorded below.

Amount of over (under) misstatement in the financial statements								
Description	W/P ref.	Circumstances of occurrence	Assets	Liabilities	Pre-tax income	Equity	F/S disclosures	Corrected? yes/No
Employee compensation under ESOP (cumulative \$6,558 overstmt of R/E and understmt of Contributed Surplus)	YY	ESOP related expenses haven't been recorded since F2016	-	-	(352)		(Yes	No
			-	-	-	-		
			-	-	-	-		
			-	-	-	-		
			-	-	-	-		
Misstatements corrected by management			-	-	-	-		
Effect of uncorrected misstatements from prior periods								
Uncorrected misstatements to be carried forward					(352)	(352)		

Newgen Software Technologies Canada, Ltd.

Period ending: March 31, 2019

Summary of Identified Misstatements

AL	
5/4/2018	

Description	Impact on financial statements Amount of over (under) statement				
	Total assets	Total liabilities	Working capital	Pre-tax income	Income tax

EVALUATION OF MISSTATEMENTS	Initials & date	Comments	W/P ref.
1. Update overall and performance materiality for any revisions required during the audit (Form 420)	AL 5/8/2019	Reduced materiality due to errors re incorporation costs and ESOP	420
2. Ask management to correct all identified misstatements and summarize management's reasoning as to why any misstatements have not been corrected.	AL 5/8/2019	Unrecorded ESOP expense is immaterial and mgmt determined not to record.	YY & YY.3
3. Describe any patterns in the misstatements that might indicate possible management bias or possible fraud.	AL 5/8/2019	None	
4. Describe the effect of individually material misstatements, if any, (such as in sales) where an offset by other misstatements (such as in expenses) would be inappropriate.	AL 5/8/2019	None	
5. Describe the effect of any classification misstatements on areas such as debt or other contractual covenants (such as government funding criteria), individual line items or subtotals, and key ratios.	AL 5/8/2019	None	
6. Describe any additional work required such as when uncorrected misstatements are close to exceeding performance materiality.	AL 5/8/2019	None	

CONCLUSION:

In my opinion the uncorrected misstatements are not material, either individually or in aggregate, to the financial statements.

If misstatements are material, explain why and the impact on the auditor's opinion.

(Describe basis for conclusion reached)

All proposed adjusting entries have been approved by client and will be posted in the book records.

AL 5/8/2019