



Newgen Software Technologies Pte. Ltd.
Registration Number: 201210314H

Annual Report
Year ended 31 March 2017

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2017.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS19 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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 has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Varadarajan Tirumalai Sundaraja Iyengar
Diwakar Nigam
Rajive Chandra
Julia Kwok Yung Chu

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Varadarajan Tirumalai Sundaraja Iyengar Newgen Software Technologies Limited		
– ordinary shares		
– interest held	15,009,306	15,009,306
Diwakar Nigam Newgen Software Technologies Limited		
– ordinary shares		
– interest held	18,422,406	18,422,406

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

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

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in 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 options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Varadarajan Tirumalai Sundaraja Iyengar
Director



Diwakar Nigam
Director

24 MAY 2017



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Independent auditors' report

Member of the Company
Newgen Software Technologies Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Newgen Software Technologies Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS19.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' 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 *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 Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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



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

Responsibilities of management and directors for the financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 controls.



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

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 controls 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.

A handwritten signature in blue ink, appearing to read 'KPMG LLP'.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

24 MAY 2017

Statement of financial position
As at 31 March 2017

	Note	2017 \$	2016 \$
Asset			
Plant and equipment	4	1,949	1,617
Non-current assets		1,949	1,617
Trade and other receivables	5	471,937	426,229
Prepayments		5,770	3,249
Cash and cash equivalents		319,163	132,245
Current assets		796,870	561,723
Total assets		798,819	563,340
Equity			
Share capital	6	250,000	250,000
Retained earnings		110,560	69,530
Total equity attributable to owners of the Company		360,560	319,530
Liabilities			
Trade and other payables	7	435,573	243,347
Current tax liability		2,686	463
Current liabilities/Total liabilities		438,259	243,810
Total equity and liabilities		798,819	563,340

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

Statement of profit or loss and other comprehensive income
Year ended 31 March 2017

	Note	2017 \$	2016 \$
Revenue	8	814,207	450,471
Cost of sales		(494,281)	(256,708)
Gross profit		<u>319,926</u>	<u>193,763</u>
Other income		843	1,022
Selling and distribution expenses		(400)	(12,312)
Administrative expenses		(140,173)	(106,754)
Other operating expenses		(136,887)	(64,097)
Profit before tax	9	43,309	11,622
Tax expense	10	(2,279)	(394)
Profit and total comprehensive income for the year		<u>41,030</u>	<u>11,228</u>

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

Statement of changes in equity
Year ended 31 March 2017

	Share capital \$	Retained earnings \$	Total equity \$
At 1 April 2015	250,000	58,302	308,302
Profit and total comprehensive income for the year	–	11,228	11,228
At 31 March 2016	<u>250,000</u>	<u>69,530</u>	<u>319,530</u>
At 1 April 2016	250,000	69,530	319,530
Profit and total comprehensive income for the year	–	41,030	41,030
At 31 March 2017	<u>250,000</u>	<u>110,560</u>	<u>360,560</u>

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

Statement of cash flows
Year ended 31 March 2017

	2017	2016
	\$	\$
Cash flows from operating activities		
Profit for the year	43,309	11,622
Adjustments for:		
Bad debts written off	96,327	15,847
Depreciation of plant and equipment	1,392	980
Unrealised foreign currency exchange loss	–	11,327
	141,028	39,776
Changes in:		
– trade and other receivables	(126,187)	(82,414)
– prepayment	(2,521)	(464)
– trade and other payables	176,378	(82,672)
Cash from/(used in) operations	188,698	(125,774)
Tax paid	(56)	(1,305)
Net cash from/(used in) operating activities	188,642	(127,079)
Cash flows from investing activity		
Purchase of plant and equipment	(1,724)	(1,099)
Net cash used in investing activity	(1,724)	(1,099)
Net increase/(decrease) in cash and cash equivalents	186,918	(128,178)
Cash and cash equivalents at 1 April	132,245	260,423
Cash and cash equivalents at 31 March	319,163	132,245

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 MAY 2017.

1 Domicile and activities

Newgen Software Technologies Pte. Ltd. (the 'Company') is a company incorporated in Singapore. The address of the Company's registered office is 6 Shenton Way #38-01, OUE Downtown 1, Singapore 068809.

The principal activities of the Company are those relating to sales and maintenance of software solutions and related products of its holding company in Asia Pacific.

The ultimate holding company is Newgen Software Technologies Limited, a company incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of critical judgements in the application of accounting policies that have significant effect on the amount recognised in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the note 5 – trade and other receivables.

2.5 Changes in accounting policies

With effect from 1 April 2016, the Company adopted the new or revised FRS that are mandatory for application from that date. The adoption of these new or revised FRS does not have any significant impact on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on retranslation are recognised in profit or loss.

3.2 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfer nor retains substantially all of the risks and rewards of ownership or does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company recognises non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Non-derivative financial liabilities

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

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

- Computers – 3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. If the amount of impairment loss subsequently decreases and the decline can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

3.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

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

3.7 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Revenue recognition

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Service revenue

When the outcome of a contract sale can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed by reference stages of work performed. When the outcome of a contract sales cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be receivable and contract costs are recognised as an expense in the period in which they are incurred.

Software maintenance revenue is recognised on a straight-line basis over the contract period.

3.9 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity and the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements.

Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Company. The Company does not plan to adopt these standards early.

- FRS 115: *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* will replace FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements.

The Company is currently assessing the impact upon adoption of this standard in the financial year ending 31 March 2019.

- **FRS 109: *Financial Instruments***

The standard replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

The Company is currently assessing the impact on adoption of this standard in the financial year ending 31 March 2019.

- **FRS 116: *Leases***

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduce a single lessee accounting model. Apply the new model, a lessee is required to recognised right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset if of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting model respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

The Company is currently assessing the impact on adoption of this standard in the financial year ending 31 March 2020.

4 Plant and equipment

	Computers \$
Cost	
At 1 April 2015	1,859
Additions	1,099
At 31 March 2016	2,958
Additions	1,724
At 31 March 2017	4,682
 Accumulated depreciation	
At 1 April 2015	361
Depreciation for the year	980
At 31 March 2016	1,341
Depreciation for the year	1,392
At 31 March 2017	2,733
 Carrying amounts	
At 1 April 2015	1,498
At 31 March 2016	1,617
At 31 March 2017	1,949

5 Trade and other receivables

	2017	2016
	\$	\$
Trade receivables	456,737	370,590
Accrued receivables	–	40,439
Deposits	15,200	15,200
	471,937	426,229

In 2016, accrued receivables related to revenue earned but invoices have not been issued to the customers.

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 13.

Source of estimation uncertainty

The Company evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Company bases on the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs could be higher than estimated.

6 Share capital

	Number of shares	
	2017	2016
Issued and fully paid ordinary shares, with no par value:		
At 1 April and 31 March	250,000	250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. Capital comprises share capital and accumulated profits.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

7 Trade and other payables

	2017	2016
	\$	\$
Amounts due to ultimate holding company (trade)	240,924	111,772
Other payables	7,034	–
Deferred revenue	165,629	106,407
Accrued expenses	21,986	25,168
	435,573	243,347

The trade amounts due to ultimate holding company are unsecured, interest-free and repayable on demand.

Deferred revenue relates to maintenance revenues collected but not earned as at reporting date.

The Company's exposure to liquidity risk is disclosed in note 13.

8 Revenue

	2017	2016
	\$	\$
Software related revenue	622,303	313,486
Maintenance revenue	191,904	136,985
	814,207	450,471

9 Profit before tax

The following items have been included in arriving at profit before tax:

	2017	2016
	\$	\$
Staff costs	240,724	243,729
Contributions to defined contribution plans, included in staff costs	12,633	12,979
Foreign exchange loss	5,784	13,886
Operating lease expenses	33,384	33,384
Bad debts written off	96,327	15,847
	488,852	319,825

10 Tax expense

	2017	2016
	\$	\$
Current tax expense		
Current year	2,279	394
	2,279	394

	2017	2016
	\$	\$
<i>Reconciliation of effective tax rate</i>		
Profit before tax	43,309	11,622
Tax using the Singapore tax rate of 17% (2016: 17%)	7,363	1,976
Non-deductible expenses	237	–
Tax exempt income	(5,369)	(1,221)
Others	48	(361)
	2,279	394

11 Operating leases

As at 31 March, the Company had commitments for future minimum lease payments under cancellable operating leases as follows:

	2017	2016
	\$	\$
Within 1 year	13,910	13,910

The Company leases its office space under operating leases. The leases typically run for an initial period of 1 year, with an option to renew the lease after that date.

12 Related party

Key management personnel compensation

The directors are employees of the holding company and no consideration is paid to the holding company for services rendered by the directors.

Other related party transactions

During the financial year, other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2017	2016
	\$	\$
Service fee charged by ultimate holding company	240,924	–

13 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets in the statement of financial position represents the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets. Bank balances are placed in banks and financial institutions which are regulated and with good credit ratings.

The Company's primary exposure to credit risk arises through its trade receivables. The Company's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Company's trade receivables.

The ageing of trade receivables and impairment losses at the reporting date can be analysed as:

	Gross 2017 \$	Impairment losses 2017 \$	Gross 2016 \$	Impairment losses 2016 \$
Neither past due nor impaired	125,787	–	1,865	–
Past due 0 to 30 days	86,936	–	55,163	–
Past due 31 to 90 days	173,283	–	123,159	–
Past due over 90 days	167,058	(96,327)	206,250	(15,847)
	<u>553,064</u>	<u>(96,327)</u>	<u>386,437</u>	<u>(15,847)</u>

Impairment

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The movement in impairment loss in respect of trade receivables during the year was as follows:

	2017	2016
	\$	\$
At the beginning of the year	15,847	19,563
Amounts written off	(15,847)	(19,563)
Impairment loss recognised	96,327	15,847
At end of the year	<u>96,327</u>	<u>15,847</u>

Based on the historical default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 90 days, unless specifically provided for due to uncertainties in the collection of debts.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will also have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring acceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Exposure to liquidity risks

At the reporting date, the contractual cash flows of the Company's financial liabilities, which comprise trade and other payables approximate the carrying values and are expected to be settled within the next 12 months.

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The Company is exposed to currency risk on its trade and other receivable balances. The currency giving rise to the risk is the United States Dollar (US Dollar). The Company does not hedge its foreign currency risks.

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

	US Dollar
	\$
31 March 2017	
Trade and other receivables	<u>376,878</u>
31 March 2016	
Trade and other receivables	<u>326,607</u>

A 2% strengthening of Singapore dollar, as indicated below, against the following currencies at the reporting date would have decreased other comprehensive income and profit or (loss) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016, as indicated below:

	2017	2016
	Profit or	Profit or
	(loss)	(loss)
	\$	\$
US dollar	<u>(7,538)</u>	<u>(6,532)</u>

A 2% weakening of Singapore dollar against the above currency at the reporting date would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts of financial assets and financial liabilities shown in the statement of financial position are as follows.

	Note	Loans and	Other		Total
		receivables	financial		carrying
		\$	liabilities		amount
			\$		\$
31 March 2017					
Assets					
Trade and other receivables	5	471,937	–		471,937
Cash and cash equivalents		319,163	–		319,163
		<u>791,100</u>	<u>–</u>		<u>791,100</u>
Liabilities					
Trade and other payables*	7	–	(269,944)		(269,944)

	Note	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$
31 March 2016				
Assets				
Trade and other receivables	5	426,229	–	426,229
Cash and cash equivalents		132,245	–	132,245
		<u>558,474</u>	<u>–</u>	<u>558,474</u>
Liabilities				
Trade and other payables*	7	–	(136,940)	(136,940)

* *Excluded deferred revenue*

Fair value information for financial assets and liabilities not measured at fair value has not been presented as their carrying amounts are reasonable approximation of their fair values.