

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.**

(Incorporated in Singapore)

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.**

Company Registration Number	201210314H
Registered office	6 Shenton Way #38-01 OUE Downtown Singapore 068809
Directors	Diwakar Nigam Varadarajan Tirumalai Sudaraja Iyengar Julia Kwok Yung Chu
Company Secretary	Pong Siew Inn
Bankers	Standard Chartered Bank, Singapore The Hongkong and Shanghai Banking Corporation
Auditors	AC Associates

# **NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.**

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**DIRECTORS' STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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The directors are pleased to present to the members together with the audited financial statements of the Company for the financial year ended 31 March 2023.

**Opinion of the directors**

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**Directors**

The directors of the Company in office at the date of this report:

Diwakar Nigam  
Varadarajan Tirumalai Sundaraja Iyengar  
Julia Kwok Yung Chu

**Arrangements to enable directors to acquire shares and debentures**

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

**Directors' interests in shares or debentures**

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

**DIRECTORS' STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**Directors' interests in shares or debentures (continued)**

	Holdings registered in name of director		Holdings in which director deemed to have interest	
	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
<b><u>Holding company</u></b>				
Diwakar Nigam	15,674,732	15,674,732	6,569,792	6,569,792
Varadarajan Tirumalai Sundaraja Iyengar	15,009,306	15,009,306	1,332,320	1,332,320

**Directors' contractual benefits**

Since the end of the previous financial period, no director has received or become entitled to receive a benefit which is required to be disclosed by Section 201(8) of the Companies Act, Cap 50 by reason of a contract made by the Company in which he has a substantial financial interest.

**Share options**

No options were granted during the financial period covered to any person to take up unissued shares in the Company.

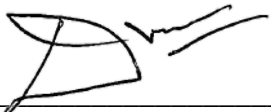
No shares were issued during the financial period by virtue of the exercise of options to take up unissued shares in the Company.

No unissued shares of the Company were under option at the end of the financial period.

**Auditor**

Messrs AC Associates has expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors



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Diwakar Nigam  
Director



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Varadarajan Tirumalai Sundaraja Iyengar  
Director

Singapore  
Date: 27 April 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
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 of the Company as at 31 March 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended to 31 March 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company 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 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

*Basis for Opinion*

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

*Other Information*

Management is responsible for the other information. The other information comprises the Directors' Statement.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD. (CONT'D)**

*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.

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

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

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

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

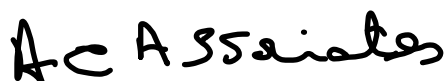
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD. (CONT'D)**

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Report on Other Legal and Regulatory Requirements*

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



**AC ASSOCIATES**

Public Accountants and  
Chartered Accountants

Singapore

Date: 27 April 2023



**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

	Note	2023 S\$	2022 S\$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	4	4,972	4,877
		<u>4,972</u>	<u>4,877</u>
<b>CURRENT ASSETS</b>			
Trade receivables	5	4,963,223	4,077,901
Other receivables	6	262,254	40,538
Cash and bank balances	7	3,299,835	1,824,739
		<u>8,525,312</u>	<u>5,943,178</u>
<b>TOTAL ASSETS</b>		<u><b>8,530,284</b></u>	<u><b>5,948,055</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	8	250,000	250,000
Retained earnings		<u>2,276,502</u>	<u>1,780,972</u>
		<u><b>2,526,502</b></u>	<u><b>2,030,972</b></u>
<b>CURRENT LIABILITIES</b>			
Trade payables and other payables	9	2,930,446	1,676,308
Amount due to holding company	10	2,950,736	2,162,929
Provision for taxation	16	122,600	77,846
		<u>6,003,782</u>	<u>3,917,083</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>8,530,284</b></u>	<u><b>5,948,055</b></u>

The accompanying notes form part of these financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Note	2023 S\$	2022 S\$
Revenue	11	<b>13,772,535</b>	10,723,236
Cost of sales/services	12	<b>(12,259,472)</b>	(9,714,159)
Gross profit		<b>1,513,063</b>	1,009,077
Other income	13	<b>97,305</b>	73,249
		<b>1,610,368</b>	1,082,326
<b>Expenses</b>			
Administrative expenses	14	<b>(398,485)</b>	(329,482)
Other operating expenses	15	<b>(595,206)</b>	(203,044)
<b>Profit before tax</b>		<b>616,677</b>	549,800
Income tax expense	16	<b>(121,147)</b>	(77,504)
<b>Profit for the year, representing total comprehensive income for the year</b>		<b>495,530</b>	472,296

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
At 1 April 2021	250,000	1,308,676	1,558,676
Profit for the year, representing total comprehensive income for the year	-	472,296	472,296
At 31 March 2022	<u>250,000</u>	<u>1,780,972</u>	<u>2,030,972</u>
At 1 April 2022	<b>250,000</b>	<b>1,780,972</b>	<b>2,030,972</b>
Profit for the year representing total comprehensive income for the year	-	<b>495,530</b>	<b>495,530</b>
At 31 March 2023	<u><b>250,000</b></u>	<u><b>2,276,502</b></u>	<u><b>2,526,502</b></u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	<b>616,677</b>	549,800
Adjustments for:		
Depreciation of plant and equipment	<b>3,368</b>	3,180
Currency Fluctuation – Unrealised	<b>44,429</b>	32,857
Impairment loss for expected credit losses	<b>205,211</b>	4,740
Written back of sales commission	<b>(82,340)</b>	-
Interest on fixed deposit	<b>(222)</b>	-
Operating profit before working capital changes	<b>787,123</b>	590,577
Change in working capital:		
Trade receivables	<b>(1,134,962)</b>	(1,829,743)
Other receivables	<b>(221,494)</b>	(5,961)
Amount due to holding company	<b>787,807</b>	869,603
Trade and other payables	<b>1,336,478</b>	711,216
Cash generated from operations	<b>1,554,952</b>	335,692
Income tax paid	<b>(76,393)</b>	(65,070)
<b>Net cash generated from operating activities</b>	<b>1,478,559</b>	270,622
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of plant & equipment	<b>(3,463)</b>	(4,723)
Fixed deposit	<b>(660,000)</b>	-
Pledged deposit	<b>(11,000)</b>	-
<b>Net cash used in investing activities</b>	<b>(674,463)</b>	(4723)
<b>Net increase in cash and cash equivalents</b>	<b>804,096</b>	265,899
Cash and cash equivalents at the beginning of the year	<b>1,824,739</b>	1,558,840
<b>Cash and cash equivalents at the end of the year</b> 7	<b>2,628,835</b>	1,824,739

The accompanying notes form part of these financial statements.

## **NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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

#### **1. GENERAL**

Newgen Software Technologies Pte Ltd is a company incorporated in the Republic of Singapore. The registered office of the Company is at 6 Shenton Way, #38-01 OUE Downtown, Singapore 068809.

The Company's immediate and ultimate holding company is Newgen Software Technologies Limited, which is incorporated in India.

The principal activity of the Company are those of sales and maintenance of software solutions and related products of its holding company in Asia Pacific. There have been no significant changes in the nature of these activities during financial year.

The financial statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directions on the date of Director's Statement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”). These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars(S\$), which is the Company’s functional currency.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumption. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**2.2 Adoption of new and revised standards**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2022.

## NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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#### 2.3 Standards issued but not yet effective

The following standards that have been issued and which are relevant to the Company's accounting period beginning on or after 1 April 2022 or later periods and which the Company has not early adopted.

<u>Description</u>	<u>Annual periods commencing on</u>
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 116 Leases: Lease Liability in a sale and Leaseback	1 January 2024
Amendments to FRS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Standards issued but not yet effective (continued)**

**2.4 Foreign currency transactions and balances**

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

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

**2.5 Plant and equipment**

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment include sits purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Office Equipment and Computers	3

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.5 Plant and equipment (continued)**

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised..

**2.6 Impairment of non-financial assets**

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

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

Impairment losses are recognised in profit or loss, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.7 Financial instruments (continued)**

**a) Financial assets**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

Investments in debt instruments

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

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

**De-recognition**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.7 Financial instruments (continued)**

**b) Financial liabilities**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

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

Such financial liabilities comprise trade and other payables.

**De-recognition**

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.8 Impairment of financial assets**

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

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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

### **2.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand and on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less which are subject to an insignificant risk of changes in value.

### **2.10 Government grants**

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

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

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.11 Employee benefits**

#### **Defined contribution plans**

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

### **2.12 Leases**

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

#### **a) As lessee**

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

#### **Right-of-use assets**

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.6.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.12 Leases (continued)**

**Lease liabilities**

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

**Short-term leases and leases of low-value assets**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.13 Revenue recognition**

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

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

**(a) Sale of goods**

The Company sells software related products.

For sale of products, revenue is recognised upon receipt of the product by customer. A receivable is recognised by the company when products is received by customer, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

**(b) Rendering of service**

Rendering of service is recognised over time when each milestone mentioned in the agreement has been reached.

**(c) Revenue from software maintenance and licence**

Revenue from software maintenance and licence are recognised on a straight line basis over the contract period.

**2.14 Taxes**

**(a) Current income tax**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.14 Taxes (continued)**

**(b) Deferred tax**

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.15 Share capital**

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

**2.16 Related parties**

Parties are considered to be related if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice versa. Parties subjected to common control or common significant influences are considered to be related parties. Related parties may be individuals or companies.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**3.1 Judgments made in applying accounting policies**

Determination of functional currency

In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

**3.2 Key sources of estimation uncertainty**

**(a) Provision for expected credit losses of trade receivables**

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 19(a).

The carrying amount of the Company's trade receivables as at 31 March 2023 was \$4,963,223 (2022: \$4,077,901).

## NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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#### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

##### 3.3 Key sources of estimation uncertainty (continued)

###### (b) Provision or income taxes

The Company recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amount of the Company's income tax payable as at 31 March 2023 was \$122,600 (2022: \$77,846).

#### 4. PROPERTY, PLANT AND EQUIPMENT

	2023 S\$	2022 S\$
<b>Office equipment and Computers</b>		
<b>Cost</b>		
Beginning of financial year	17,882	13,159
Additions	3,463	4,723
End of financial year	<u>21,345</u>	<u>17,882</u>
<b>Depreciation</b>		
Beginning of financial year	13,005	9,825
Additions	3,368	3180
End of financial year	<u>16,373</u>	<u>13,005</u>
<b>Carrying amount</b>	<u>4,972</u>	<u>4,877</u>

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****5. TRADE RECEIVABLES**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
Trade receivables		
- Related parties	<b>410,845</b>	102,408
- Third parties	<b>4,764,200</b>	3,982,104
-	<b>5,175,045</b>	4,084,512
Less: Allowance for expected credit losses	<b>(211,822)</b>	(6,611)
	<b>4,963,223</b>	4,077,901

The movement in allowance for expected credit losses of trade receivables computed based on ECL was as follows:

	<b>2023</b>	2022
	<b>S\$</b>	S\$
At 1 April	<b>6,611</b>	1,871
Impairment loss for expected credit losses	<b>205,211</b>	4,740
At 31 March	<b>211,822</b>	6,611

The Company's credit exposure is concentrated mainly in Singapore.

**6. OTHER RECEIVABLES**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
Deposits	<b>23,000</b>	23,000
Other receivables	<b>3,780</b>	5,150
Prepayments	<b>17,803</b>	12,388
Withholding tax credit	<b>217,671</b>	-
	<b>262,254</b>	40,538

Deposits relate to security deposits paid in relation to leases of office premises and to a service provider. These deposits are refundable to the Company at the end of the lease term / termination of the contract with the service provider.

## NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

#### 7. CASH AND CASH EQUIVALENTS

	2023 S\$	2022 S\$
Cash at banks	2,627,889	1,823,793
Cash on hand	946	946
Fixed deposit placed with bank	660,000	-
Pledged deposit	11,000	-
	<u>3,299,835</u>	<u>1,824,739</u>

The fixed deposit of S\$11,000 (2022: S\$Nil) is pledged to bank for obtaining credit card.

The company has placed a fixed deposit with bank for 12 months tenure which is not pledged. The rate of interest for the fixed deposit on interest earning balances is 4.08% per annum (2022: NIL).

For the purpose of presenting the statement of cashflows, cash and cash equivalents comprise the following at the end of the financial year.

	2023 S\$	2022 S\$
Cash and cash equivalents	3,299,835	1,824,739
Fixed deposit placed with bank	(660,000)	-
Pledged deposit	(11,000)	-
	<u>2,628,835</u>	<u>1,824,739</u>

#### 8. SHARE CAPITAL

	Number of shares			
	2023	2022	2023 S\$	2022 S\$
<b>Issued and fully paid:</b>				
At beginning and end of the year	<u>250,000</u>	250,000	<u>250,000</u>	250,000

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

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****9. TRADE PAYABLES AND OTHER PAYABLES**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
Deferred revenue	<b>2,518,045</b>	1,387,216
Other payables	<b>94,609</b>	62,587
Accruals	<b>37,799</b>	104,993
GST Payable	<b>279,993</b>	121,512
	<b><u>2,930,446</u></b>	<u>1,676,308</u>

**10. AMOUNT DUE TO HOLDING COMPANY**

The amount due to holding company is trade in nature, interest free, unsecured and repayable on demand.

**11. REVENUE**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
<b>At point in time</b>		
Sale of products	<b><u>2,337,585</u></b>	<u>2,892,380</u>
<b>Overtime</b>		
Software development and Cloud services	<b>8,460,691</b>	6,613,623
Maintenance	<b><u>2,974,259</u></b>	<u>1,217,233</u>
	<b><u>11,434,950</u></b>	<u>7,830,856</u>
	<b><u>13,772,535</u></b>	<u>10,723,236</u>

**12. COST OF SALES/SERVICES**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
Offshore development and support	<b>10,747,668</b>	8,372,420
Payroll expenses	<b>1,504,462</b>	1,256,532
Sales commission	<b>7,342</b>	85,207
	<b><u>12,259,472</u></b>	<u>9,714,159</u>

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****13. OTHER INCOME**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
Government grants	<b>14,731</b>	73,249
Interest income	<b>222</b>	-
Miscellaneous income	<b>12</b>	-
Written back of sales commission	<b>82,340</b>	-
	<b><u>97,305</u></b>	<u>73,249</u>

**14. ADMINISTRATIVE EXPENSES**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
Exhibitions and seminars	<b>43,576</b>	7,472
Employee transfer fee	<b>73,587</b>	32,382
Medical insurance – group	<b>24,493</b>	19,258
Professional fees	<b>61,272</b>	139,094
Telephone expenses	<b>7,124</b>	7,251
Travel expenses	<b>70,910</b>	17,886
Back-office support cost	<b>72,470</b>	66,633
Membership fees	<b>353</b>	234
Others	<b>44,700</b>	39,272
	<b><u>398,485</u></b>	<u>329,482</u>

**15. OTHER EXPENSES**

	<b>2023</b>	2022
	<b>S\$</b>	S\$
Loss on exchange	<b>109,750</b>	49,417
Depreciation	<b>3,368</b>	3,180
Impairment loss for expected credit losses	<b>205,211</b>	4,740
Rental expenses	<b>69,392</b>	72,995
Withholding tax written off	<b>207,485</b>	72,712
	<b><u>595,206</u></b>	<u>203,044</u>

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**16. INCOME TAX EXPENSE**

**(a) Major components of income tax expenses.**

The major components of income tax expense for the years ended 31 March 2023 and 2022 are:

	<b>2023</b> S\$	2022 S\$
Current income tax		
- Current year	<b>122,720</b>	77,846
- Over provision of tax in respect of prior year	<b>(1,573)</b>	(342)
Income tax expense recognised in profit and loss	<b><u>121,147</u></b>	<u>77,504</u>

**Relationship between tax expense and accounting profit**

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2023 and 2022 are as follows:

	<b>2023</b> S\$	2022 S\$
Profit before tax	<b><u>616,677</u></b>	<u>549,800</u>
Income tax using the statutory tax rate of 17% (2022: 17%)	<b>104,835</b>	93,466
Tax effects of:		
Non-deductible expenses	<b>37,830</b>	13,501
Non-taxable income	<b>(2,504)</b>	(7,107)
Deferred tax liability not recognised	<b>(16)</b>	(262)
(Over) provision of current taxation in respect of prior years	<b>(1,573)</b>	(342)
Double tax credit	-	(4,326)
Statutory stepped income exemption	<b>(17,425)</b>	(17,425)
<b>Current year tax</b>	<b><u>121,147</u></b>	<u>77,504</u>

**(b) Provision for tax**

Movement in provision for taxation

	<b>2023</b> S\$	2022 S\$
Balance at the beginning of the year	77,846	65,412
Current taxation	121,147	77,504
Tax paid	<b>(76,393)</b>	<b>(65,070)</b>
Balance at the end of the year	<b><u>122,600</u></b>	<u>77,846</u>

## NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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#### 17. SIGNIFICANT RELATED PARTY TRANSACTIONS

##### Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the year financial year.

	2023 S\$	2022 S\$
Offshore development and support	10,747,668	8,372,420
Back-office support service	72,470	66,633
Professional services to holding company	660,845	678,052

#### 18. COMMITMENTS

a. Operating lease commitments – as lessee

The Company leases office premises under non-cancellable operating lease agreement. The lease agreement is renewed annually.

As at 31 March 2023, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	2023 S\$	2022 S\$
Not later than one year	3,022	6,045
Later than one year but not later than five years	<u>3,022</u>	<u>-</u>
	<u>3,022</u>	<u>6,045</u>



## **19. FINANCIAL RISK MANAGEMENT**

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

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

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

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

### **(a) Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty. To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors.

**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Credit risk (continued)

The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.
- Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

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

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

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

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Credit risk (continued)

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

<b>Category</b>	<b>Definition of category</b>	<b>Basis for recognising expected credit loss (ECL)</b>
I	Counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit -impaired
III	Amount is >60 days past due or there is evidence indicating the assets is credit impaired (in default)	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery	Amount is written off

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	<b>Note</b>	<b>Category</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net carrying amount</b>
				<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>31 March 2023</b>						
Trade receivables	5	Note 1	12- month ECL	<b>5,175,045</b>	<b>(211,822)</b>	<b>4,963,223</b>
Other receivables	6	I	12-month ECL	-	-	-
				<b>5,175,045</b>	<b>(211,822)</b>	<b>4,963,223</b>

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Credit risk (continued)

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				S\$	S\$	S\$
<b>31 March 2022</b>						
Trade receivables	5	Note 1	12-month ECL	4,084,512	(6,611)	4,077,901
Other receivables	6	I	12-month ECL	-	-	-
				<u>4,084,512</u>	<u>(6,611)</u>	<u>4,077,901</u>

Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

**NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Credit risk (continued)

	<i>Trade receivables</i>					Total
	Not past due	<30 days	31-60 days	61-90 days	>90 days	
<b>31 March 2023</b>						
ECL rate*	<b>0.31%</b>	<b>0.34%</b>	<b>0.34%</b>	<b>0.34%</b>	<b>37.85%</b>	
Estimated total gross carrying amount at default	<b>4,256,468</b>	<b>186,467</b>	<b>77,194</b>	<b>134,057</b>	<b>520,859</b>	<b>5,175,045</b>
ECL*	<b>13,318</b>	<b>633</b>	<b>262</b>	<b>455</b>	<b>197,154</b>	<b>(211,822)</b>
						<b>4,963,223</b>

	<i>Trade receivables</i>					Total
	Not past due	<30 days	31-60 days	61-90 days	>90 days	
<b>31 March 2022</b>						
ECL rate*	0.13%	0.13%	0.13%	0.13%	1.11%	
Estimated total gross carrying amount at default	2,580,160	396,558	780,783	179,319	147,692	4,084,512
ECL*	3,260	501	986	227	1,637	(6,611)
						<b>4,077,901</b>

Information regarding loss allowance movement of trade receivables is disclosed in note 5.

Trade and other receivables that are determined to be impaired at the statement of financial position date related to debtor that are in financial difficulties and have defaulted on payments. Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary. The allowance in respect of trade and other receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 March 2023 and 31 March 2022, the Company does not have any collective impairment on its trade and other receivables.

**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) Credit risk (continued)

Excessive risk concentration

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

Exposure to credit risk

As at the reporting date, the Company's trade receivables comprise 2023: 10 debtors comprising of 80% (2022-90%) of the total receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

(b) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity. The directors are satisfied that funds are available to finance the operations of the Company.

NEWGEN SOFTWARE TECHNOLOGIES PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS  
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19. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

	Carrying amount S\$	Contractual cash flow S\$	2023 One year or less S\$	Two to five years S\$	Over five years S\$
<b><u>Financial assets</u></b>					
Trade receivables	5,175,045	5,175,045	5,175,045	-	-
Other receivables	23,000	23,000	23,000	-	-
Cash and cash equivalents	3,299,835	3,299,835	3,299,835	-	-
Total undiscounted financial assets	8,497,880	8,497,880	8,497,880	-	-
<b><u>Financial Liabilities</u></b>					
Trade payables and Other payables	412,401	412,401	412,401	-	-
Amount due to holding company	2,950,736	2,950,736	2,950,736	-	-
Total undiscounted financial liabilities	3,363,137	3,363,137	3,363,137	-	-
Total net undiscounted financial assets	5,134,743	5,134,743	5,134,743	-	-

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**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(b) Liquidity risk (continued)

	<b>Carrying amount S\$</b>	<b>2022 Contractual cash flow S\$</b>	<b>One year or less S\$</b>	<b>Two to five years S\$</b>	<b>Over five years S\$</b>
<b><u>Financial assets</u></b>					
Trade receivables	4,084,512	4,084,512	4,084,512	-	-
Other receivables	23,000	23,000	23,000	-	-
Cash and cash equivalents	1,824,739	1,824,739	1,824,739	-	-
Total undiscounted financial assets	5,932,251	5,932,251	5,932,251	-	-
<b><u>Financial Liabilities</u></b>					
Trade payables and other payables	289,092	289,092	289,092	-	-
Amount due to holding company	2,162,929	2,162,929	2,162,929	-	-
Total undiscounted financial liabilities	2,452,021	2,452,021	2,452,021	-	-
Total net undiscounted financial assets	3,480,230	3,480,230	3,480,230	-	-

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and 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.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk as it does not have any variable interest-bearing financial instruments.



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**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

(d) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have a formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United States Dollars and Malaysian Ringgit.

The Company's currency exposures to the above currencies at the reporting date were as follows:

	2023		2022	
	S\$ USD	S\$ MYR	S\$ USD	S\$ MYR
<b>Financial assets</b>				
Cash & cash equivalents	944,807	-	220,163	-
Trade receivables	2,564,828	530,563	2,995,945	428,346
<b>Financial liabilities</b>				
Other payables	-	-	-	-
<b>Currency exposure</b>	<b>3,509,635</b>	<b>530,563</b>	<b>3,216,108</b>	<b>428,46</b>

A 10% strengthening of Singapore Dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant

	2023 S\$	2022 S\$
USD	350,963	266,937
MYR	53,056	35,553

A 10% weakening of Singapore Dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant

NOTES TO THE FINANCIAL STATEMENTS  
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**20. FAIR VALUES**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

*Cash and cash equivalents, trade and other receivables*

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

Trade receivables and other receivables, payables, accruals and amount due to holding company.

The carrying amounts of these receivables, payables and amount due to holding company approximate their fair values as they are subject to normal credit terms.

**21. FINANCIAL INSTRUMENTS BY CATEGORY**

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	Note	2023 S\$	2022 S\$
<b>Loans and receivables</b>			
Trade receivables	5	5,175,045	4,084,512
Other receivables	6	23,000	23,000
Cash and cash equivalent	7	3,299,835	1,824,739
		<hr/>	
Total loans and receivables		8,497,880	5,932,251
		<hr/>	
<b>Financial liabilities measured at amortised cost</b>			
Trade payables and other payables	9	132,408	167,580
Amount due to holding company	10	2,950,736	2,162,929
		<hr/>	
Total financial liabilities measured at amortised cost		3,883,144	2,330,509
		<hr/> <hr/>	

## **22. CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

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, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2023 and 31 March 2022.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2022.