SQS BFSI PTE. LTD.

(Company Registration No. 200107523G)

Financial Statements for the Year Ended

31st March 2018

SQS BFSI Pte. Ltd.
(Incorporated in the Republic of Singapore)

Directors

Aarti Arvind	
N Sriram	(Appointed on 01.04.2018)
Vangal Rangarajan Ranganathan	(Resigned on 01.04.2018)

Secretaries

Raja Muhammad Shah Bin Abdullah	(Appointed on 24.07.2017)
Yacoob s/o M A Abdul Kassim	(Resigned on 24.07.2017)

Registered Office
1 North Bridge Road
#19-04 High Street Centre
Singapore 179094

Auditors
Natarajan & Swaminathan
Chartered Accountants of Singapore
1 North Bridge Road
#19-04/05 High Street Centre
Singapore 179094

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Directors' Statement

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2018.

1 Directors

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

Aarti Arvind
N Sriram

2 Arrangements to enable directors to acquire shares and debentures

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

3 Directors' interest in shares and debentures

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

4 Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares of the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Directors' Statement

5 Auditors

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

6 Directors' opinion

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors

Aarti Arvind	*N Sriram*

Date:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SQS BFSI PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

Report on Other Legal and Regulatory Requirements

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

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date:

Statement of Financial Position

As at March 31, 2018

	Note	2018	2017
		S$	S$
Assets			
Non-current assets			
Plant and equipment	3	810	1,223
Total non-current assets		810	1,223
Current assets			
Trade receivables	4	1,601,320	1,173,168
Other receivables	5	23,461	7,177
Cash at bank		411,999	684,156
Total current assets		2,036,780	1,864,501
Total assets		**2,037,590**	**1,865,724**
Equity and liabilities			
Equity			
Share capital	6	100,000	100,000
Accumulated profits		1,424,727	1,247,193
Total equity		1,524,727	1,347,193
Current liabilities			
Trade payables and accruals	7	358,341	335,308
Other payables	8	138,722	169,123
Income tax payable		15,800	14,100
Total current liabilities		512,863	518,531
Total liabilities		512,863	518,531
Total equity and liabilities		**2,037,590**	**1,865,724**

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

Statement of Comprehensive Income

For The Financial Year Ended March 31, 2018

	Note	2018	2017
		S$	S$
Revenue	9	2,005,811	1,599,119
Other income	10	163	-
Salaries and employee benefits	11	(1,248,376)	(1,057,207)
Depreciation of plant and equipment	3	(413)	(16)
Other operating expenses		(566,974)	(371,162)
Profit before income tax	12	190,211	170,734
Income tax expense	13	(12,677)	(13,770)
Profit after income tax		177,534	156,964
Other comprehensive income		-	-
Total comprehensive income for the year		**177,534**	**156,964**

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

Statement of Changes in Equity

For The Financial Year Ended March 31, 2018

	Share capital	Accumulated profits	Total
	S$	S$	S$
Balance as at 01.04.2016	**100,000**	**1,090,229**	**1,190,229**
Total comprehensive income for the year	-	156,964	156,964
Balance as at 31.03.2017	**100,000**	**1,247,193**	**1,347,193**
Total comprehensive income for the year	-	177,534	177,534
Balance as at 31.03.2018	**100,000**	**1,424,727**	**1,524,727**

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

Statement of Cash Flows

For The Financial Year Ended March 31, 2018

	2018	2017
	S$	S$
Cash flows from operating activities		
Profit before income tax	190,211	170,734
Adjustments for:		
Depreciation of plant and equipment	413	16
Operating profit before working capital changes	190,624	170,750
Trade receivables	(428,152)	(385,942)
Other receivables	(16,284)	9,272
Trade payables and accruals	23,033	98,115
Other payables	617	25,520
Cash used in operations	(230,162)	(82,285)
Income tax paid	(10,977)	(7,541)
Net cash used in operating activities	(241,139)	(89,826)
Cash flow from investing activities		
Purchase of plant and equipment	-	(1,239)
Net cash used in investing activities	-	(1,239)
Cash flow from financing activities		
Other payables - holding company	(31,018)	(98,942)
Net cash used in financing activities	(31,018)	(98,942)
Net decrease in cash and cash equivalents	(272,157)	(190,007)
Cash and cash equivalents brought forward	684,156	874,163
Cash and cash equivalents carried forward	**411,999**	**684,156**
Cash and cash equivalents comprise:-		
Cash at bank	411,999	684,156
	411,999	**684,156**

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

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

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

1 Corporate information

The Company (Registration No. 200107523G) is a private limited Company incorporated and domiciled in Singapore.

The registered office of the Company is located at 1, North Bridge Road, #19-04 High Street Centre, Singapore 179094.

The principal activities of the Company are to develop computer software, to provide software testing and related consulting services and placement of software professionals.

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

Holding company

The Company is a wholly owned subsidiary of **"SQS India BFSI Limited"**, a limited company incorporated in India. The ultimate holding company is **'SQS Software Quality Systems AG'**, a company incorporated in Germany.

2 Significant accounting policies

a) **Basis of preparation**

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

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

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

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

2 Significant accounting policies *(Cont'd)*

a) **Basis of preparation** *(Cont'd)*

FRS 7	(Amendments) :	Disclosure Initiative
FRS 12	(Amendments) :	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements.

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

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

Key sources of estimation uncertainty

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

Allowance for receivables

The provision policy for doubtful debts of the Company is based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Company were to deteriorate, resulting in an impairment of their ability to make payments, allowances would be made.

c) **Foreign currency transactions**

(i) Functional currency

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

(ii) Transactions and balances

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At each statement of financial position date, recorded monetary balances that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

All exchange differences are included in the profit or loss for the year.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

2 Significant accounting policies *(Cont'd)*

d) **Plant and equipment**

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

e) **Depreciation of plant and equipment**

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

Computer & peripherals - 33.33%

f) **Impairment of non-financial assets**

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

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

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

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

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

2 Significant accounting policies *(Cont'd)*

g) **Financial instruments**

Financial instruments comprise financial assets and liabilities and they are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Financial assets are classified as one of the financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

Recognition

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets at the time of initial recognition, and where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

As of year end the Company has the following classes of financial assets:-

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as "trade and other receivables" and "cash and bank balances" on the statement of financial position. They are presented as current assets, except for that with maturity later than 12 months after the financial position date which are presented as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. For short term receivables the nominal cost would approximate the fair value.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

2 Significant accounting policies *(Cont'd)*

g) Financial instruments *(Cont'd)*

Impairment

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if any, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through income statement to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities include trade payables on normal trade terms, other payables and interest-bearing loans and borrowings.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

2 Significant accounting policies *(Cont'd)*

g) **Financial instruments** *(Cont'd)*

Financial liabilities *(Cont'd)*

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis. For short term payables the cost approximates the fair value.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for finance costs.

Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expire.

h) **Provisions**

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

i) **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank.

j) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts and sales returns, if any. Revenues are recognised on the following basis:

Income from software projects

Revenue is recognised on the completion of the services for software projects undertaken by the Company and software fees are collected progressively as per the terms accepted with the customers. Services rendered to the holding company are billed at cost plus margin as per Transfer Pricing Agreement

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

2 Significant accounting policies *(Cont'd)*

k) **Employee benefits**

Retirement benefit costs

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

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

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

Key management personnel

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

l) **Operating lease**

Leases of plant and equipment where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals and other lease payments under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

m) **Goods and services tax**

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

n) **Income tax**

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

2 Significant accounting policies *(Cont'd)*

n) **Income tax** *(Cont'd)*

Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3 Plant and equipment

2018	Computer & peripherals
	S$
Cost	
At April 1, 2017	1,638
Disposals	(399)
At March 31, 2018	1,239
Depreciation	
At April 1, 2017	415
Charge for the year	413
Disposals	(399)
At March 31, 2018	429
Net book value	
At March 31, 2018	**810**

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

3 Plant and equipment *(Cont'd)*

2017	Computer & peripherals
	S$
Cost	
At April 1, 2016	399
Additions	1,239
At March 31, 2017	1,638
Depreciation	
At April 1, 2016	399
Charge for the year	16
At March 31, 2017	415
Net book value	
At March 31, 2017	**1,223**

4 Trade receivables

	2018	2017
	S$	S$
Outside parties	750,698	407,899
Holding company	699,845	765,269
Related company	150,777	-
	1,601,320	**1,173,168**

The Company does not give a fixed credit term. No interest is charged on the trade receivables.

The table below is an analysis of trade receivables ageing as at March 31:

	2018	2017
	S$	S$
Not past due	976,062	558,439
Past due 1 to 30 days	285,139	217,028
Past due more than 30 days	340,119	397,701
	1,601,320	**1,173,168**

The Company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable.

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

	2018	2017
	S$	S$
United States Dollar	348,400	25,843

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

5 Other receivables

	2018	2017
	S$	S$
Salary and other advances	429	85
Deposit	8,400	3,400
Prepaid expenses	6,696	3,692
Withholding tax	7,936	-
	23,461	**7,177**

6 Share capital

	2018	2018	2017	2017
	No. of shares issued	S$	No. of shares issued	S$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	**100,000**	**100,000**	**100,000**	**100,000**

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

7 Trade payables and accruals

	2018	2017
	S$	S$
Trade payables:		
- Outside parties	12,768	6,628
- Holding company	213,436	236,108
GST payable	33,568	42,795
Accrued expenses	98,569	49,777
	358,341	**335,308**

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

	2018	2017
	S$	S$
United States Dollar	-	5,344

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

8 Other payables

	2018	2017
	S$	S$
Sundry payables	1,200	3,600
Holding company	34,890	65,908
Staff advance	200	-
Salaries withheld	73,531	80,509
	109,821	150,017
Provision for incentive and other expenses:		
- At beginning of year	19,106	13,223
- Charge for the year	57,184	51,241
- Paid during the year	(47,389)	(45,358)
- At end of year	28,901	19,106
	138,722	**169,123**

The amounts due to holding company is unsecured, interest free and repayable on demand.

9 Revenue

	2018	2017
	S$	S$
Income from software projects	**2,005,811**	**1,599,119**

10 Other income

	2018	2017
	S$	S$
Miscellaneous income	**163**	**-**

11 Salaries and employee benefits

Salaries and employee benefits for the financial years ended March 31:

	2018	2017
	S$	S$
Salaries, bonus and allowances	1,227,415	1,053,585
CPF Contribution (defined)	18,950	1,763
Skill development levy	2,011	1,859
	1,248,376	**1,057,207**

Compensation of directors and key management personnel

The key management personnel comprises directors who do not receive any short-term employee benefits during the financial year.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

12 Profit before income tax

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

	2018	2017
	S$	S$
Foreign exchange loss	22,663	601
Operating lease - rent	15,600	15,810

13 Income tax expense

	2018	2017
	S$	S$
Current year	15,800	13,770
Prior year over provision	(3,123)	-
	12,677	**13,770**

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

	2018	2017
	S$	S$
Profit before income tax	**190,211**	**170,734**
Tax expense at the rate of 17%	32,336	29,025
Statutory stepped income exemption	(16,628)	(14,572)
Productivity and innovation credit	-	(523)
Corporate tax rebate	(3,156)	(2,744)
Deferred tax arising in the year not recognised	70	(209)
Prior year over provision	(3,123)	-
Rounding amount	3,178	2,793
Income tax expense for the financial year	**12,677**	**13,770**

Deferred tax liability of about S$140 (2017:S$200) arising from differences in depreciation as of end of the financial year is not recognised as the amount is not significant.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

14 Holding company and related company transactions

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

During the financial year, the Company had the following transactions:

	2018	2017
	S$	S$
Holding company:		
Income from software projects	2,005,810	1,559,119
Income billed on behalf of holding company (#)	3,365,904	2,281,986
Payment on behalf of holding company	31,018	27,496
Related company:		
Income from software projects	158,713	-

(#) This income represent income billed on behalf of the holding company. Due to certain customers' requirement the Company raises bills on behalf of the holding company to the customers directly. These billings by the Company are fully charged by a similar quantum of billing by the holding company to the Company, and consequently both amounts are netted off in the accounts.

The holding company undertakes full responsibility for the project execution, provides operational and management direction, technical literatures and training for the implementation of projects. Holding company enters into contract with the customer including the Company as party to the contract for billing purposes.

15 Operating lease commitments

At the statement of financial position date, the rental lease commitments in respect of operating leases were as follows:

	2018	2017
	S$	S$
Rental expense:		
Within 1 year	**15,600**	-

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

16 Financial instruments, financial and capital risk management

(a) **Categories of financial instruments**

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

	2018	2017
	S$	S$
Financial assets		
Loans and receivables	**2,022,148**	**1,860,809**

Loans and receivables under financial assets comprise trade receivables, other receivables and cash at bank.

	2018	2017
	S$	S$
Financial liabilities		
Amortised cost	**497,063**	**504,431**

Amortised cost under financial liabilities comprises trade payables and accruals and other payables.

(b) **Fair value measurements**

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

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The financial assets and liabilities of the Company comprise trade and other receivables, cash at bank and trade and other payables. The carrying values of the financial assets and liabilities as shown in the statement of financial position approximate their fair value amounts at the financial position date. The carrying values of these assets and liabilities are the nominal or cost values.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

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

(c) **Financial risk**

The management reviews and agrees policies for managing risk with a view to minimise potential adverse effects of financial performance of the Company. Each of these risks are summarised below:

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant exposure to market risk for changes in interest rates because it has no interest bearing borrowings from any external sources.

Liquidity risk

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

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

		Cash flows		
	Carrying amount	Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S$	S$	S$	S$
2018				
Non-derivative financial liabilities				
Trade and other payables	**497,063**	**(497,063)**	**497,063**	**-**
2017				
Non-derivative financial liabilities				
Trade and other payables	**504,431**	**(504,431)**	**(504,431)**	**-**

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss of the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

As at statement of financial position date, the Company has a significant concentration of credit risk in relation to certain external receivables. The trade receivables as of year end comprise of a customer's (2017:2 customers) balance that comprise 46% (2017:59%) of the trade receivable balance. The management however does not foresee any risk of default by the parties as they are creditworthy customers. Further details of credit risks on trade receivables are disclosed in **Note 4** to the financial statements.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

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

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

Credit risk

Cash at bank are placed with credit worthy financial institutions.

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

Foreign currency risk

The Company has no significant exposure to foreign currency risk as its transactions are mainly in Singapore Dollar. However it does have minimal transaction in United States Dollar.

As at financial year end, the carrying value of monetary assets and liabilities denominated in currencies other than in Singapore Dollar are disclosed in the respective notes to the financial statements.

Foreign currency sensitivity analysis

Any increase or decrease in the following foreign currencies against the United States Dollar will have an impact on the financial statements.

	2018	2017
	S$	S$
Increase in the rate of the foreign currencies by 10% against Singapore Dollar will increase/(decrease) the profit before tax by the following amount:		
United States Dollar	34,800	2,050

A corresponding decrease in the rate of foreign currency will have a vice versa effect on the profit before tax by the same amount.

The effect of fluctuation in the other foreign currencies will have no or very minimal impact on the results of the Company.

Price risk

The Company has no significant exposure to price risk.

(d) **Capital risk management**

The management considers the capital of the Company to mainly consist of shareholders equity.

The management manages the capital to ensure the Company will be able to continue as a going concern while maximising the return to shareholders through optimisation of the capital.

The management's overall strategy remains unchanged from 2017.

Notes To The Financial Statements For The Financial Year Ended March 31, 2018

17 New accounting standards and FRS interpretations

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

				Effective from annual periods beginning on or after
FRS 40	(Amendments)	:	Transfers of Investment Property	January 1, 2018
FRS 102	(Amendments)	:	Classification and Measurement of Share-based Payment Transactions	January 1, 2018
FRS 109		:	Financial Instruments	January 1, 2018
FRS 115	(Amendments)	:	Revenue from Contracts with Customers	January 1, 2018
FRS 116		:	Leases	January 1, 2019
Improvements to FRSs				
FRS 101	(Amendments)	:	First-time Adoption of Financial Reporting Standards	January 1, 2018

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

18 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on ______________

The Accompanying Supplementary Detailed Income Statement

Has Been Prepared For Management Purposes Only

And Does Not Form Part Of The Audited Financial Statements

SQS BFSI Pte. Ltd.
(Incorporated in the Republic of Singapore)

Detailed Income Statement For The Financial Year Ended March 31, 2018

	2018	2017
	S$	S$
Revenue		
Income from software projects	2,005,811	1,599,119
Other income		
Miscellaneous income	163	-
Salaries and employee benefits		
Salaries, bonus and allowances	(1,227,415)	(1,053,585)
CPF Contribution (defined)	(18,950)	(1,763)
Skill development levy	(2,011)	(1,859)
	(1,248,376)	(1,057,207)
Depreciation of plant and equipment	(413)	(16)
Other operating expenses		
Bank charges	(2,198)	(3,074)
Conveyance expenses	-	(478)
Food and beverage expenses	(884)	(201)
Foreign exchange loss	(22,663)	(601)
General expenses	(524)	(850)
Immigration expenses	(22,513)	(27,263)
Insurance expenses	(22,927)	(11,383)
Marketing expenses	(14,149)	(27,452)
Professional charges	(423,326)	(260,678)
Operating lease - rent	(15,600)	(15,810)
Recruitment	(20,948)	(8,852)
Registered office fees	(900)	(900)
Secretarial fees	(1,200)	(700)
Software expenses	(2,709)	-
Travelling expenses	(16,415)	(11,476)
Telecoms	(18)	(1,444)
	(566,974)	(371,162)
Profit before income tax	190,211	170,734
Income tax expense:		
- Current year	(15,800)	(13,770)
- Prior year over provision	3,123	-
Profit after income tax	177,534	156,964
Other comprehensive income	-	-
Total comprehensive income for the year	**177,534**	**156,964**

Not Part Of Audited Financial Statements