Directors' Statement and
Audited Financial Statements

Wipro Networks Pte. Limited

(Co. Reg. No. 199907933M)

For the year ended 31 March 2023

Wipro Networks Pte. Limited
(Co. Reg. No. 199907933M)

General Information

Directors

Sarang Kir
Srinivasan Badrinath
Chia Fook Kong Thomas Eugene (Resigned on 13 May 2022)

Secretary

Sitoh Tuck Meng

Independent Auditors

Sashi Kala Devi Associates

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Wipro Networks Pte. Limited
(Co. Reg. No. 199907933M)

Directors' Statement

The directors are pleased to present their statement to the member together with the audited financial statements of Wipro Networks Pte. Limited ("the Company") for the financial year ended 31 March 2023.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements 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 of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; 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.

2. DIRECTORS

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

Sarang Kir
Srinivasan Badrinath

3. 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 party 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 in the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors who held office at the end of the financial year had any interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of financial year or at the end of financial year.

5. SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

6. INDEPENDENT AUDITOR

The independent auditor, Sashi Kala Devi Associates, has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors

Sd/-	Sd/-
Srinivasan Badrinath Director	Sarang Kir Director

12 June 2023

Independent Auditor's Report
to the member of Wipro Networks Pte. Limited
(Co. Reg. No. 199907933M)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wipro Networks Pte. Limited (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (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 matter

The financial statements for the year ended 31 March 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 18 November 2022.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

Sd/-

Sashi Kala Devi Associates
Public Accountants and
Chartered Accountants

Singapore
12 June 2023

Wipro Networks Pte. Limited
(Co. Reg. No. 199907933M)

Statement of Financial Position as at 31 March 2023

	Note	2023 US$	2022 US$ (Reclassified)
Non-current assets			
Plant and equipment	4	152,998	197,082
Intangible assets	5	1,327,765	1,327,765
Right-of-use assets	6	244,956	478,870
Investments in subsidiaries	7	13,354,805	13,354,805
Finance lease receivables	8	887,037	2,670,766
Deferred tax assets	9	227,709	–
		16,195,270	18,029,288
Current assets			
Finance lease receivables	8	2,481,563	1,641,830
Trade receivables	10	2,731,241	2,733,018
Contract assets	11	3,201,869	4,796,364
Other receivables	12	1,390,102	1,511,091
Amount due from holding company	13	1,504,150	12,217,550
Amount due from a related company	14	194,282	70,083
Tax recoverable	15	391,902	–
Cash and cash equivalents	16	8,478,911	8,220,920
		20,374,020	31,190,856
Current liabilities			
Trade payables	17	1,029,759	631,056
Other payables	18	1,359,056	1,552,961
Contract liabilities	19	1,146,151	939,131
Amount due to holding company		–	8,728,834
Amounts due to related companies	20	23	–
Lease liabilities	21	1,345,211	1,961,582
Tax payable	15	–	206,972
		4,880,200	14,020,536
Net current assets		15,493,820	17,170,320
Non-current liabilities			
Lease liabilities	21	542,049	2,358,620
Deferred tax liabilities	9	–	160,381
		542,049	2,519,001
Net assets		31,147,041	32,680,607
Equity attributable to the owner of the Company			
Share capital	22	22,372,024	22,372,024
Accumulated profits		8,775,017	10,308,583
Total equity		31,147,041	32,680,607

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

Wipro Networks Pte. Limited
(Co. Reg. No. 199907933M)

Statement of Comprehensive Income for the financial year ended 31 March 2023

	Note	**2023** US$	**2022** US$
Revenue	23	38,888,699	43,001,332
Cost of revenue		(31,451,939)	(32,851,747)
Gross profit		7,436,760	10,149,585
Other income	24	6,980,972	2,644,588
Administrative expenses		(5,176,457)	(6,069,324)
Other charges	25	(260,168)	(20,220)
Finance costs	26	(80,004)	(98,082)
Profit before tax	27	8,901,103	6,606,547
Income tax expense	28	(434,669)	(1,090,699)
Profit for the year		8,466,434	5,515,848
Other comprehensive income		–	–
Total comprehensive income for the year		8,466,434	5,515,848

Statement of Changes in Equity for the financial year ended 31 March 2023

	Share capital US$	**Accumulated profits** US$	**Total** US$
Balance at 1 April 2021	22,372,024	4,792,755	27,164,759
Total comprehensive income for the year	–	5,515,848	5,515,848
Balance at 31 March 2022	22,372,024	10,308,583	32,680,607
Total comprehensive income for the year	–	8,466,434	8,466,434
Dividend paid (Note 29)	–	(10,000,000)	(10,000,000)
Balance at 31 March 2023	22,372,024	8,775,017	31,147,041

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

Wipro Networks Pte. Limited
(Co. Reg. No. 199907933M)

Statement of Cash Flows for the financial year ended 31 March 2023

	2023 US$	**2022** US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,901,103	6,606,547
Adjustments for:		
Allowance for expected credit loss, trade	–	233,856
Bad debt written-off, trade	151,460	–
Depreciation of plant and equipment	50,203	31,887
Depreciation of right-of-use assets	233,914	236,215
Dividend income from a subsidiary	(6,840,556)	(2,509,914)
Unrealised foreign exchange (gain)/loss	(49,029)	48,969
Interest expense on lease liabilities	80,004	98,082
Interest income from finance leases	(158,361)	(117,016)
Plant and equipment written-off	7	–
Reversal for allowance for expected credit losses, trade	(175,641)	(223,837)
Reversal for allowance of expected credit losses, advances	(7,732)	–
Reversal of provision for unutilised annual leaves	(39,847)	(54,577)
Operating profit before working capital changes	2,145,525	4,350,212
Decrease in finance lease receivables	943,996	1,124,770
Decrease/(increase) in trade and other receivables	150,566	(1,108,810)
Decrease in contract assets	1,594,495	336,680
Increase/(decrease) in trade and other payables	244,645	(99,994)
Increase/(decrease) in contract liabilities	207,020	(1,496,165)
Decrease/(increase) in amount due from holding company	1,334,837	(1,437,982)
Decrease in amount due from a related company	(124,199)	(52,766)
(Decrease)/increase in amount due to holding company	(5,515,900)	3,142,303
Decrease in amount due to related companies	–	(981,948)
Cash flows generated from operations	980,985	3,776,300
Foreign tax paid	(493,521)	–
Interest received	158,361	117,016
Income tax paid	(874,970)	(790,219)
Net cash flows (used in)/from operating activities	(229,145)	3,103,097
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(6,126)	(197,619)
Proceeds from disposal of plant and equipment	–	4,756
Dividends received	6,840,556	2,509,914
Net cash flows from investing activities	6,834,430	2,317,051
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in amount due from holding company	9,378,563	–
Decrease in amount due to holding company	(3,212,934)	–
Dividend paid	(10,000,000)	–
Increase in amounts due to related companies	23	–
Repayment of principal portion of lease obligations	(2,432,942)	(1,628,287)
Repayment of interest portion of lease obligations	(80,004)	(98,082)
Net cash flows used in financing activities	(6,347,294)	(1,726,369)
Net increase in cash and cash equivalents	257,991	3,693,779
Effect of exchange rate changes on cash and cash equivalents	–	14,921
Cash and cash equivalents at beginning of year	8,220,920	4,512,220
Cash and cash equivalents at end of year	8,478,911	8,220,920

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

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

1. CORPORATE INFORMATION

The Company is a private company limited by shares incorporated and domiciled in Singapore and its holding Company is Wipro Limited, a company incorporated in the Republic of India.

The registered office and place of business of the Company is located at 1 Changi Business Park Crescent #02-03 Podium Plaza 8 @ CBP Singapore 486025.

The principal activities of the Company are to carry on the business of equipment, services, maintenance and support for the establishment or integration of voice or data communication equipment products or systems.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

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

The financial statements have been prepared on a historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in United States Dollar (US$ or USD) and all values are rounded to the nearest one-dollar unless otherwise stated.

The accounting policies adopted are consistent with those used in the previous financial year except in current financial year; the Company has adopted all applicable new and amended standards that are relevant to its operations and effective for the current financial year. The adoption of these standards did not have any material effect on the financial position or performance of the Company for the current or prior financial years.

The following standards and interpretations are effective for the annual period beginning on or after 1 January 2022:

	Effective for (Annual periods beginning on or after)
Amendment to FRS 103: *Reference to the Conceptual Framework*	1 January 2022
Amendment to FRS 16: *Property, Plant and Equipment Proceeds before Intended Use*	1 January 2022
Amendments to FRS 37: *Onerous Contracts Cost of Fulfilling a Contract*	1 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

The following standards and interpretations are effective for the annual period beginning on or after 1 January 2022:

	Effective for (Annual periods beginning on or after)
Annual Improvements to FRSs 2018 – 2022 – FRS 101: *First-time Adoption of Financial Reporting Standards* – FRS 109: *Financial Instruments Illustrative Examples accompanying FRS 116 Leases*	1 January 2022

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

Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that are potentially relevant to the Company that has been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendment to FRS 8: *Definition of Accounting Estimates*	1 January 2023
Amendment to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transactions*	1 January 2023
Amendment to FRS 1: *Conceptual classification of Liabilities as Current or Non-current*	1 January 2024
Amendment to FRS 1: *Non-current Liabilities with covenants*	1 January 2024
Amendment to FRS 116: *Lease liability in a Sale and Leaseback*	1 January 2024

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

Consolidated financial statements

The financial statements of the subsidiaries have not been consolidated with the Company's financial statements as the Company is a wholly-owned subsidiary of Wipro Limited, a company incorporated in India, which prepares consolidated financial statements on a worldwide basis. Such financial statements are publicly available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Consolidated financial statements (continued)

The registered address of Wipro Limited is Doddakannelli, Sarjapur Road, Bengaluru – 560 035, Karnataka, India

Investments in subsidiaries in the financial statements of the Company are stated at cost, less any impairment in recoverable value.

(b) *Functional and foreign currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD.

Foreign currency transactions

Transactions in foreign currencies are measured in USD and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rate of exchange ruling at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial recognition. 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 end of the reporting period are recognised in profit or loss.

(c) *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Plant and equipment (continued)*

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer	−	3 years
Furniture and fittings	−	5 years
Non-telecom data center	−	5 years

Fully depreciated assets are retained in the financial statement until they are no longer in use.

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.

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

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

(d) *Subsidiaries*

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(e) *Financial instruments*

(i) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) ***Financial instruments (continued)***

(i) ***Financial assets (continued)***

Initial recognition and measurement (continued)

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 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, fair value through other comprehensive income (FVOCI) and FVPL. The three measurement categories for classification of debt instruments are:

- *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 de-recognised or impaired, and through amortisation process.

- *Fair value through other comprehensive income (FVOCI)*

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

- *Fair value through profit or loss (FVPL)*

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instruments that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in FVOCI which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in FVOCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where 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 had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(ii) *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 FVPL, directly attributable transaction costs.

Subsequent measurement

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

De-recognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial instruments (continued)*

(iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(f) *Contract balances*

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(g) *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated tangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortised on a straight line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Intangible assets (continued)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is de-recognised.

- *Goodwill*

  Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

  For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

  The cash generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit and loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

  Where goodwill forms part of a cash-generating unit and part of the operating within the cash-generating unit is disposed of, the goodwill associated with the operation disposed of, is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

- *Other intangible assets*

  Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Intangible assets (continued)*

- *Other intangible assets (continued)*

  Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting period.

  Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

- *Contractual customer relationships and non-compete rights*

  Contractual customer relationships and non-compete rights acquired in a purchase of a business are recognised at fair value at the acquisition date. They have a finite useful life and are at cost less accumulated amortisation less impairment losses. Amortisation is calculated using the straight-line method over five years, which is their expected useful life.

(h) *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors’ ability to pay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) ***Impairment of financial assets (continued)***

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 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.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) significant financial difficulty of the issuer or the borrower;
(ii) a breach of contract, such as a default or past due event;
(iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(v) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(i) ***Impairment of non-financial assets***

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) *Impairment of non-financial assets (continued)*

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generation unit to which the asset belongs.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

(j) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank and short-term deposits with a maturity of three months or less, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

(k) *Trade and other payables*

Trade and other payables are non-interest bearing and trade payable are normally settled on 30 to 90 days' terms while other payables have an average term of six months.

(l) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event, and when it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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. If 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.

(m) *Employee benefits*

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) *Employee benefits (continued)*

(i) *Defined contribution plans (continued)*

In particular, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(ii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(n) *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. Reassessment is only required when the terms and conditions of the contract are changed.

(i) *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, as follows:

  Office premises − 3 years

  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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) *Leases (continued)*

(i) *As lessee (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.

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

  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 and low value leases*

  The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) *Leases (continued)*

(ii) *As lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(o) *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.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses.

(p) *Dividends*

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

(q) *Revenue*

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) *Revenue (continued)*

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Company expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. The Company's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

(i) *Time and materials contracts*

Revenue relating to time and materials is recognised as the related services are rendered.

(ii) *Fixed price development contracts*

Revenues from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognised using the percentage completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company is not able to reasonably measure the progress of completion, revenue is recognised only to the extent of costs incurred, for which recoverability is probable. When total cost estimates exceed revenue in an arrangement, the estimated losses are recognised in profit or loss in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and time and material contracts and are classified as financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

A contract liability is an entity’s obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from he customer. Contract liability can also represent contructual discount given to certain customers on completion of the project which in such a case the contract liability will be de-recognised by offsetting against the trade receivable.

Unbilled revenues on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) *Revenue (continued)*

(iii) *Maintenance contracts*

Revenues related to fixed-price maintenance, testing and business process services are recognised based on the Company right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If invoiced amount is not consistent with value delivered, revenues are recognised as the service is performed using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the stage of completion.

In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognised with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilised by the customer is recognised as revenue on completion of the term.

(iv) *Volume based contracts*

Revenue is recognised as the related services are rendered.

(v) *Products*

Revenue on product sales is recognised when the customer obtains control of the specified asset.

(vi) *Others*

Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognised as an asset when the Company expects to recover these costs and amortised over the contract term.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) ***Revenue (continued)***

(vii) *Dividend income*

Dividend income is recognised when the Company's right to receive payment is established.

(viii) *Interest income*

Interest income is recognised using the effective interest method.

(r) ***Taxes***

(i) *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 authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the end of the reporting period.

Current income taxes are recognised in the profit or loss except to the extent that 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.

(ii) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet 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, 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 using the tax rates that are expected to apply to 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 reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) *Taxes (continued)*

(ii) *Deferred tax (continued)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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.

(iii) *Goods and services tax*

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- Where the goods and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services 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 goods and services tax included.

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

(s) *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:
   (i) Has control or joint control over the Company;
   (ii) Has significant influence over the Company; or
   (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:
   (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) *Related parties (continued)*

(b) An entity is related to the Company if any of the following conditions applies (continued):

(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, 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.

- *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying amount of goodwill as at 31 March 2023 amounted to US$1,320,839 (2022: US$1,320,839). During the financial year, no impairment loss was recognised. Further information is disclosed in Note 5 to the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

- *Estimates and assumptions (continued)*

(ii) *Impairment of trade receivables, contract assets and finance lease receivables*

The Company determines the loss allowance of trade receivables, contracts assets and finance lease receivables using lifetime expected credit loss ("ECL"). The Company determines the ECL based on historical credit loss experience and past due status of the trade receivables, contract assets and finance lease receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The carrying amounts of the trade receivables, contract assets and finance lease receivables as at the end of each reporting period are disclosed in Notes 8, 10 and 11 to the financial statements respectively.

(iii) *Measurement of lease liabilities*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Company has determined the discount rate by reference to the respective lessee's implicit inherent rate or the incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Company obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to lease liabilities as at 31 March 2023 was 2.77% (2022: 2.37%). The carrying amount of lease liabilities as at 31 March 2023 amounted to US$1,887,260 (2022: US$4,320,202). If the incremental borrowing rate had been 0.5% (2022: 0.5%) higher or lower than management's estimates, the Company's lease liabilities would have decreased or increased by approximately US$9,500 (2022: US$6,000).

- *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of apply the accounting policies that has the most significant effect on the amounts recognised in the financial statements.

4. PLANT AND EQUIPMENT

	Computer	Furniture and fittings	Non-telecom data center	Total
	US$	US$	US$	US$
Cost				
At 1 April 2021	71,293	340,240	37,000	448,533
Additions	197,619	–	–	197,619
Disposal	(10,680)	–	–	(10,680)
At 31 March 2022	258,232	340,240	37,000	635,472
Additions	6,126	–	–	6,126
Write-off	(23,515)	–	–	(23,515)
At 31 March 2023	240,843	340,240	37,000	618,083
Accumulated depreciation				
At 1 April 2021	62,866	340,240	9,321	412,427
Charge for the year	24,494	–	7,393	31,887
Disposal	(5,924)	–	–	(5,924)
At 31 March 2022	81,436	340,240	16,714	438,390
Charge for the year	42,802	–	7,401	50,203
Write-off	(23,508)	–	–	(23,508)
At 31 March 2023	100,730	340,240	24,115	465,085
Net carrying amount				
At 31 March 2022	176,796	–	20,286	197,082
At 31 March 2023	141,113	–	12,885	152,998

5. INTANGIBLE ASSETS

	Contractual customer relationship	Goodwill	Non-compete rights	Total
	US$	US$	US$	US$
Cost				
At 1 April 2021, 31 March 2022 and 31 March 2023	7,245,071	1,320,839	1,920,000	10,485,910
Accumulated amortisation				
At 1 April 2021, 31 March 2022 and 31 March 2023	7,245,071	–	1,913,074	9,158,145
Net carrying amount				
At 31 March 2022 and 31 March 2023	–	1,320,839	6,926	1,327,765

5. INTANGIBLE ASSETS (continued)

Goodwill represents the excess of the purchase consideration over the fair value of the net identification assets acquired from the purchase of a business.

The recoverable amount of the goodwill is valued based on a value-in-use calculation using cash flow projections from financial budgets covering a 3-year (2022: 3-year) period based on past performance and management expectations of the market development. The pre-tax discount rate applied to the cash flow projections is 8.64% (2022: 8.64%) and reflect specific risks relating to the business. The perpetual growth rate used to extrapolate the cash flows beyond the 3-year period is 2% (2022: 2%).

6. RIGHT-OF-USE ASSETS

	Office premises US$
Cost	
At 1 April 2021	697,403
Additions	480,924
Write-off	(480,924)
At 31 March 2022 and 31 March 2023	697,403
Accumulated depreciation	
At 1 April 2021	463,242
Charge for the year	236,215
Write-off	(480,924)
At 31 March 2022	218,533
Charge for the year	233,914
At 31 March 2023	452,447
Net carrying amount	
At 31 March 2022	478,870
At 31 March 2023	244,956

The Company has lease contracts for office premises. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets. The average lease term of the asset is 2 years (2021: 2 years).

The carrying amounts of lease liabilities and maturity analysis of lease liabilities is presented in Note 21.

	2023 US$	**2022** US$
(i) Amounts recognised in statement of profit or loss		
Depreciation of right-of-use assets	233,914	236,215
Interest expense on lease liabilities	10,731	17,500
	244,645	253,715

6. RIGHT-OF-USE ASSETS (continued)

(ii) Total cash outflow

The Company had total cash outflow for all the leases of US$237,216 (2022: US$234,711) in 2023.

7. INVESTMENTS IN SUBSIDIARIES

	2023 US$	**2022** US$
Unquoted equity shares at cost	13,354,805	13,354,805

Details of the subsidiaries at 31 March are as follows:

Name and principal activities	**Country of incorporation**	**Cost of investment**		**Proportion of ownership interest**	
		2023 US$	**2022** US$	**2023** %	**2022** %
Wipro Technologies Sdn Bhd* (Engaged in the business of providing information technology services)	Malaysia	1	1	100	100
Wipro Dalian Limited * (Engaged in the business of providing information technology services and related products)	China	8,000,000	8,000,000	100	100
Wipro Chengdu Limited * (Engaged in the business of providing information technology services and related products)	China	5,350,000	5,350,000	91	91
PT WT Indonesia * (Engaged in the business of providing information technology services and related products)	Indonesia	4,800	4,800	100	100

7. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries at 31 March are as follows (continued):

Name and principal activities	Country of incorporation	Cost of investment		Proportion of ownership interest	
		2023	2022	2023	2022
		US$	US$	%	%
Wipro (Thailand) Limited * (Formerly known as Wipro (Thailand) Co Limited) (Engaged in the business of providing information technology services and related products)	Thailand	4	4	0.1#	0.1#

* Audited by a firm other than Sashi Kala Devi Associates

\# While the Company holds 0.1% of the ownership interest of Wipro (Thailand) Limited ("WTL"), it has control over the financial and operational policies of WTL. Accordingly, WTL is accounted as subsidiary of the Company.

8. FINANCE LEASE RECEIVABLES

These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the opinion of the entity that holds the lease. The average discounted rate implicit in the leases is 2.91% (2022: 3.09%) per annum.

Future minimum lease payment receivable under finance leases together with the present value of the net minimum lease receipts are as follows:

	Minimum payments receivable	Unearned interest income	Present value
	US$	US$	US$
2023			
Minimum lease payments receivable:			
Due within one year	2,531,025	(49,462)	2,481,563
Due within two to five years	906,813	(19,776)	887,037
Total	3,437,838	(69,238)	3,368,600
2022			
Minimum lease payments receivable:			
Due within one year	1,733,352	(91,522)	1,641,830
Due within two to five years	2,735,828	(65,062)	2,670,766
Total	4,469,180	(156,584)	4,312,596

8. FINANCE LEASE RECEIVABLES (continued)

Finance lease receivables denominated in foreign currency as at 31 March is as follows:

	2023	**2022**
	US$	US$
Singapore Dollar	142,587	199,008

9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax liabilities		
Differences in depreciation	(26,010)	(33,504)
Total deferred tax liabilities	(26,010)	(33,504)
Under/(over) provision of deferred tax liabilities	26,010	(126,877)
Over provision of deferred tax assets	227,709	–
	227,709	(160,381)

10. TRADE RECEIVABLES

	2023	**2022**
	US$	US$
		(Reclassified)
Trade receivables	3,693,085	3,866,390
Less: Allowance for expected credit losses	(961,844)	(1,133,372)
	2,731,241	2,733,018

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Trade receivables denominated in foreign currency as at 31 March are as follows:

Singapore Dollar	2,716,185	2,242,334

The Company assesses as at the end of the reporting period whether there is objective evidence that trade receivables are impaired.

Receivables that are impaired

The Company has applied the simplified approach in accordance with FRS 109 to measure the loss allowance of trade receivables using lifetime ECL. The Company determines the ECL based on historical credit loss experience and past due status of these receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The Company has measured the ECL on the trade receivables to be 35% for trade receivables aged between 181 to 360 days and 100% for trade receivables aged more than 360 days.

10. TRADE RECEIVABLES (continued)

<u>Receivables that are impaired</u> (continued)

The table below shows the movements in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach:

	Lifetime ECL not credit impaired US$	**Total** US$
Balance as at 1 April 2021	1,123,353	1,123,353
Reversal for the year	(223,837)	(223,837)
Charge for the year	233,856	233,856
Balance as at 31 March 2022	1,133,372	1,133,372
Reversal for the year	(175,641)	(175,641)
Currency realignment	4,113	4,113
Balance as at 31 March 2023	961,844	961,844

The following tables provide information about the exposure to credit risk and ECLs for trade receivables for individual customers as at 31 March 2023 and 2022:

	Expected credit loss rate %	**Gross carrying amount** US$	**Impairment loss allowance** US$	**Credit impaired**
2023				
Current and not past due	–	1,083,012	–	No
1 to 30 days past due	–	1,319,023	–	No
61 to 90 days past due	–	59,903	–	No
More than 90 days past due	78	1,231,147	961,844	Yes
		3,693,085	961,844	
2022				
Current and not past due	–	66,327	–	No
1 to 30 days past due	–	1,913,133	–	No
31 to 60 days past due	–	368,925	–	No
61 to 90 days past due	–	4,797	–	No
More than 90 days past due	74	1,513,208	1,133,372	Yes
		3,866,390	1,133,372	

11. CONTRACT ASSETS

Contract assets denominated in foreign currency as at 31 March is as follows:

	2023 US$	**2022** US$
Singapore Dollar	1,669,345	1,437,141

Contract assets relate primarily to the right to consideration for services rendered but not yet billed as at the end of the reporting period. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the information technology industry. None of the amounts due from customers as at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

12. OTHER RECEIVABLES

Deposits	195,432	180,765
GST receivables	533,809	–
Prepayments	660,861	1,178,833
Withholding tax receivables	–	151,493
	1,390,102	1,511,091

Other receivables denominated in foreign currencies as at 31 March are as follows:

British Pound Sterling	–	14,765
Indian Rupee	–	3,849
Singapore Dollar	195,432	1,363,975

13. AMOUNT DUE FROM HOLDING COMPANY

Trade	1,504,150	2,838,987
Non-trade	–	9,378,563
	1,504,150	12,217,550

The amount due is unsecured, interest-free, repayable upon demand and is to be settled in cash.

Amount due from holding company denominated in foreign currency as at 31 March is as follows:

Singapore Dollar	–	9,497,392

14. AMOUNT DUE FROM A RELATED COMPANY

Amount due is trade related, unsecured, interest-free, repayable upon demand and is to be settled in cash.

Amount due from a related company denominated in foreign currency as at 31 March is as follows:

	2023 US$	**2022** US$
Singapore Dollar	–	70,083

15. TAX (RECOVERABLE)/PAYABLE

Balance at beginning of the year	206,972	69,923
Current year's tax expense on profit	329,238	930,318
Income tax paid	(874,970)	(790,219)
Foreign exchange adjustment, loss	(53,142)	(3,050)
Balance at end of the year	(391,902)	206,972

16. CASH AND CASH EQUIVALENTS

Cash and bank balances	2,478,911	8,220,920
Short-term deposit	6,000,000	–
	8,478,911	8,220,920

Cash and cash equivalents denominated in foreign currency at 31 March is as follows:

Singapore Dollar	1,564,630	4,321,132

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposit is made for fourteen days depending on the immediate cash requirements of the Company and earns interest at 4.62% (2022: Nil%) per annum.

17. TRADE PAYABLES

Trade payables denominated in foreign currency as at 31 March are as follows:

Singapore Dollar	731,159	399,067

18. OTHER PAYABLES

Accrued liabilities	1,260,493	970,265
Deposits received	(7,767)	697
GST payables	–	369,891
Payable to employees	(40,463)	11,128
Provision for manpower	32,823	44,723
Provision for unutilised annual leaves	113,970	156,257
	1,359,056	1,552,961

18. OTHER PAYABLES (continued)

Other payables denominated in foreign currencies as at 31 March are as follows:

	2023 US$	**2022** US$
Indian Rupee	15,919	19,879
Singapore Dollar	1,188,890	1,166,791

19. CONTRACT LIABILITIES

Contract liabilities relate to the advance billing to customers or advance receipts from customers for the services to be provided at a later date. The revenue relating to the services is recognised when the performance obligation is satisfied.

20. AMOUNTS DUE TO RELATED COMPANIES

The amounts due are non-trade, unsecured, interest-free, repayable upon demand and are to be settled in cash.

21. LEASE LIABILITIES

Current	1,345,211	1,961,582
Non-current	542,049	2,358,620
	1,887,260	4,320,202
Maturity analysis		
Current	1,379,984	1,997,456
Non-current	544,924	2,446,288
	1,924,908	4,443,744
Less: Unearned interest	(37,648)	(123,542)
	1,887,260	4,320,202

Lease liabilities denominated in foreign currency as at 31 March is as follows:

Singapore Dollar	641,019	977,350

The Company does not face a significant liquidity risk with regard to its lease liabilities.

22. SHARE CAPITAL

	2023		**2022**	
	Number of shares	US$	Number of shares	US$
Issued and fully paid				
Ordinary shares denominated in Singapore Dollar	28,126,108	22,372,024	28,126,108	22,372,024

22. SHARE CAPITAL (continued)

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

23. REVENUE

	2023 US$	2022 US$
Time and material contracts	13,265,793	25,831,362
Fixed price contracts		
- Developments	19,378,997	9,539,563
- Element/volume based	982,800	2,801,243
- Support and maintenance	5,261,109	4,829,164
	38,888,699	43,001,332
Timing of transfer of goods or services		
At a point in time	14,248,593	28,632,605
Overtime	24,640,106	14,368,727
	38,888,699	43,001,332

As at 31 March 2023, the aggregate amount of transaction price allocated to remaining performance obligations, other than those meeting the exclusion criteria above amounted to US$2,994,534 (2022: US$ 6,604,163) of which approximately 90% (2022: 88%) is expected to be recognised as revenues within the next two years, and the remainder thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

All the Company's revenue are generated from Singapore.

24. OTHER INCOME

Interest income from finance leases	158,361	117,016
Dividend income from a subsidiary	6,840,556	2,509,914
Sundry income	(17,945)	17,658
	6,980,972	2,644,588

25. OTHER CHARGES/(CREDITS)

	2023 US$	2022 US$
Allowance for expected credit losses, trade	–	10,019
Allowance for expected credit losses, advances	–	40,055
Bad debts written off, trade	151,460	–
Foreign exchange adjustments, loss	331,928	24,723
Reversal of allowance for expected credit losses, trade	(175,641)	–
Reversal of allowance for expected credit losses, advances	(7,732)	–
Reversal of provision for unutilised annual leaves	(39,847)	(54,577)
	260,168	20,220

26. FINANCE COSTS

Interest expense on lease liabilities	80,004	98,082

27. PROFIT BEFORE TAX

The profit before tax is arrived at after charging:

Management fee	956,764	593,734

28. INCOME TAX EXPENSE

(i) *Major components of income tax expense*

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

Statement of comprehensive income:

Current	329,238	930,318
Deferred tax	(388,090)	160,381
Foreign tax	493,521	–
	434,669	1,090,699

(ii) *Relationship between tax expense and accounting profit*

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

Profit before tax	8,901,103	6,606,547

28. INCOME TAX EXPENSE (continued)

(ii) *Relationship between tax expense and accounting profit (continued)*

	2023 US$	**2022** US$
Tax expense on profit before tax at 17%	1,513,188	1,123,113
Adjustments:		
Foreign tax paid	493,521	–
Tax effect of expenses not deductible for tax purposes	11,721	145,268
Tax effect of income not subject to tax	(1,189,816)	(426,685)
Tax exemptions	(13,131)	(2,557)
Recognition of deferred tax assets for the year	(388,090)	–
Others	7,276	251,560
	434,669	1,090,699

29. DIVIDEND PAID

Interim tax exempt (one-tier) dividend declared and paid during the financial year		
Ordinary shares US$0.3555 (2022: US$ Nil) per share for the financial years ended 31 March	10,000,000	–

30. EMPLOYEE BENEFITS

Central provident fund contributions	323,553	351,689
Salaries and bonuses	3,014,289	4,062,491
	3,337,842	4,414,180

31. CONTINGENT LIABILITIES

As at 31 March 2023, the Company has contingent liabilities in respect of bank guarantees of US$1,823,414 (2022: US$1,787,797) given to third parties. The management has assessed the fair value of the guarantees to have no material financial impact on the results of the Company and therefore not recognised in the financial year ended 31 March 2023.

32. RELATED PARTY DISCLOSURES

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties that took place at terms agreed between the parties during the financial year:

Significant related party transactions

Holding company		
Cost of services to	22,813,703	27,060,083
Dividend paid to	10,000,000	–
Management fee to	956,764	593,734
Reimbursement of expenses from	–	129,517
Revenue from	9,862,479	5,979,107

32. RELATED PARTY DISCLOSURES (continued)

Significant related party transactions (continued)

	2023 US$	**2022** US$
Subsidiary		
Dividend from	6,840,556	2,509,914
Related companies		
Cost of services to	–	146,951
Revenue from	179,891	96,263

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, credit risk and liquidity risk. The Company's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Company. The Company does not have any written financial risk management policies and guidelines and 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.

The following sections provide details regarding the Company's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

(i) *Foreign currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency.

The foreign currencies in which these transactions are denominated are mainly Singapore Dollar (SGD). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

However, the Company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in the SGD, with all other variables held constant.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) ***Foreign currency risk (continued)***

Sensitivity analysis for foreign currency risk (continued)

	Profit before tax	
	2023	**2022**
	US$	US$
SGD		
- strengthened 2% (2022: 4%)	72,703	344,125
- weakened 2% (2022: 4%)	(72,703)	(344,125)

(ii) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other debtors, and amounts due from holding and related companies. Guidelines on credit terms provided to trade customers are established and continually monitored. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing exclusively with reputable and well-established local and foreign banks, and companies with high credit ratings and no history of defaults.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Company continues to monitor existing customers, especially those with repayment issues. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise credit risk, the Company has developed and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) *Credit risk (continued)*

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

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
2023						
Finance lease receivables	9	Performing	12-month ECL	3,368,600	–	3,368,600
Trade receivables	10	(a)	Lifetime ECL (simplified approach)	3,693,085	(961,844)	2,731,241
Contract assets	11	(a)	Lifetime ECL (simplified approach)	3,201,869	–	3,201,869
Other receivables	12	Performing	12-month ECL	195,432	–	195,432
Amount due from holding company	13	Performing	12-month ECL	1,504,150	–	1,504,150
Amount due from a related company	14	Performing	12-month ECL	194,282	–	194,282
					(961,844)	

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) ***Credit risk (continued)***

The tables below detail the credit quality of the Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades (continued):

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
2022						
Finance lease receivables	9	Performing	12-month ECL	4,312,596	–	4,312,596
Trade receivables	10	(a)	Lifetime ECL (simplified approach)	3,866,390	(1,133,372)	2,733,018
Contract assets	11	(a)	Lifetime ECL (simplified approach)	4,796,364	–	4,796,364
Other receivables	12	Performing	12-month ECL	180,765	–	180,765
Amount due from holding company	13	Performing	12-month ECL	12,217,550	–	12,217,550
Amount due from a related company	14	Performing	12-month ECL	70,083	–	70,083
					(1,133,372)	

(a) For trade receivables and contract assets, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime. The Company determines the expected credit losses on these items 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 these assets is presented based on their past due status in terms of the provision matrix (Notes 10 and 11).

- ***Exposure to credit risk***

  As at the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statement of financial position.

- ***Credit risk concentration profile***

  As at the end of the reporting period, there were no significant concentrations of credit risk due to the Company's many varied customers.

  It is the Company's policy to sell to a diversity of creditworthy customers so as to reduce concentration of credit risk.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) ***Credit risk (continued)***

- ***Financial assets that are neither past due nor impaired***

  Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

- ***Financial assets that are either past due or impaired***

  Information regarding financial assets that are either past due or impaired is disclosed in Note 10 (Trade receivables) and Note 11 (Contract assets).

(iii) ***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 possible mismatches of the maturities of financial assets and liabilities.

The Company's objective is to maintain a level of cash to meet the obligations and commitments due and to ensure cash efficiency whereby maximisation of cash flow position can be achieved.

The Company's liquidity risk management policy is to monitor its working capital projections, taking into account the available funding obtained from holding companies, and ensuring that the Company has adequate working capital to meet obligations and commitments due.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Company's financial assets and liabilities as at the end of the reporting period, based on contractual undiscounted repayment obligations:

	Total US$	**Within one year** US$	**Within two to five years** US$
2023			
Financial assets			
Finance lease receivables	3,437,838	2,531,025	906,813
Trade receivables	2,731,241	2,731,241	–
Contract assets	3,201,869	3,201,869	–
Other receivables	195,432	195,432	–
Amount due from holding company	1,504,150	1,504,150	–
Amount due from a related company	194,282	194,282	–
Cash and cash equivalents	8,478,911	8,478,911	–
Total undiscounted financial assets	19,743,723	18,836,910	906,813

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) ***Liquidity risk (continued)***

Analysis of financial instruments by remaining contractual maturities (continued)

	Total US$	**Within one year** US$	**Within two to five years** US$
2023			
Financial liabilities			
Trade payables	1,029,759	1,029,759	–
Other payables	1,252,853	1,252,853	–
Lease liabilities	1,924,908	1,379,984	544,924
Amounts due to related companies	23	23	–
Total undiscounted financial liabilities	4,207,543	3,662,619	544,924
Total net undiscounted financial assets	15,536,180	15,174,291	361,889
2022			
Financial assets			
Finance lease receivables	4,469,180	1,733,352	2,735,828
Trade receivables	2,733,018	2,733,018	–
Contract assets	4,796,364	4,796,364	–
Other receivables	180,765	180,765	–
Amount due from holding company	12,217,550	12,217,550	–
Amount due from a related company	70,083	70,083	–
Cash and cash equivalents	8,220,920	8,220,920	–
Total undiscounted financial assets	32,687,880	29,952,052	2,735,828
Financial liabilities			
Trade payables	631,056	631,056	–
Other payables	1,396,007	1,396,007	–
Amount due to holding company	8,728,834	8,728,834	–
Lease liabilities	4,443,744	1,997,456	2,446,288
Total undiscounted financial liabilities	15,199,641	12,753,353	2,446,288
Total net undiscounted financial assets	17,488,239	17,198,699	289,540

34. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amounts of financial assets and financial liabilities recorded as at the end of the reporting period by FRS 109 categories:

	2023 US$	**2022** US$
Financial assets at amortised cost		
Trade receivables	2,731,241	2,733,018
Other receivables	195,432	180,765
Amount due from holding company	1,504,150	12,217,550
Amount due from a related company	194,282	70,083
Cash and cash equivalents	8,478,911	8,220,920
	13,104,016	23,422,336
Financial liabilities at amortised cost		
Trade payables	1,029,759	631,056
Other payables	1,252,853	1,396,007
Amount due to holding company	–	8,728,834
Amounts due to related companies	23	–
	2,282,635	10,755,897

35. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The Company does not anticipate that the carrying amounts recorded as at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

As at the end of the reporting period, the Company does not have any other financial instruments carried at fair value.

36. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure by means of funding and financial support from its holding company, in order to support its business and maximise shareholder value.

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 its shareholder, return capital to its shareholder or issue new shares. No changes were made in the objectives, policies or process during the years ended 31 March 2023 and 2022.

The Company is not subjected to externally-imposed capital requirements.

37. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended on the face of the statement of financial position and the related notes to the financial statements. Comparative figures have been adjusted to conform with current year's presentation. The reclassifications were not significant.

The items reclassified were as follows:

	Previously reported US$	**Reclassification** US$	**After reclassification** US$
Statement of financial position			
Trade receivables	6,460,361	(3,727,343)	2,733,018
Contract assets	1,069,021	3,727,343	4,796,364
	7,529,382	–	7,529,382

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 12 June 2023