



**JKM Global Pte. Limited
Registration Number: 200510987D**

Annual Report
Year ended 31 March 2020

JKM GLOBAL PTE LIMITED
ANNUAL REPORT

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Directors' statement

We submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2020.

In our opinion:

- (a) the financial statements set out on pages 6 to 23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, having regard to the financial support provided by the ultimate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Udayant Malhoutra	
Pramila Udayant Malhoutra	
Ho Liang Sing	(Appointed on 3 October 2019)
Chalapathi Puramannagari	(Appointed on 3 October 2019)

Directors' interests

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

Name of directors and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Ultimate holding company Dynamatic Technologies Limited		
Udayant Malhoutra - ordinary shares	620,179	620,179
Pramila Udayant Malhoutra - deemed interests in ordinary shares	620,179	620,179

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

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

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

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

Auditors

The auditors, Deloitte & Touche LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Udayant Malhotra
Director



Chalapathi Puramannagari
Director

30 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JKM GLOBAL PTE. LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of JKM Global Pte. Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 23.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2020 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 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 of the Company for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 May 2019.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
JKM GLOBAL PTE. LIMITED

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 unauthorized use or disposition; and transactions are properly authorized 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 skepticism throughout the audit. We also:

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JKM GLOBAL PTE. LIMITED

- (e) 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.

Deloitte & Touche 

Public Accountants and
Chartered Accountants
Singapore

30 June 2020

Statement of financial position
As at 31 March 2020

	Note	2020	2019
		\$	\$
Assets			
Investment in subsidiary	5	18,672,117	18,672,117
Non-current assets		<u>18,672,117</u>	<u>18,672,117</u>
Other receivables	6	23,737	21,401
Cash and cash equivalents		<u>10,555</u>	<u>103,279</u>
Current assets		<u>34,292</u>	<u>124,680</u>
Total assets		<u>18,706,409</u>	<u>18,796,797</u>
Equity attributable to owner of the Company			
Share capital	7	17,652,937	17,652,937
Accumulated losses		<u>(649,492)</u>	<u>(555,498)</u>
Total equity		<u>17,003,445</u>	<u>17,097,439</u>
Liabilities			
Other payables	8	1,702,964	1,699,358
Current liabilities/Total liabilities		<u>1,702,964</u>	<u>1,699,358</u>
Total equity and liabilities		<u>18,706,409</u>	<u>18,796,797</u>

The accompanying notes are an integral part of these financial statements

Statement of profit or loss and other comprehensive income
Year ended 31 March 2020

	Note	2020	2019
		\$	\$
Other income	9	344,063	353,582
Administrative expenses		(438,057)	(399,038)
Loss before tax		(93,994)	(45,456)
Tax expense	10	—	—
Loss for the year/ Total comprehensive loss for the year	11	<u>(93,994)</u>	<u>(45,456)</u>

The accompanying notes are an integral part of these financial statements

Statement of changes in equity
Year ended 31 March 2020

	Share capital \$	Accumulated losses \$	Total \$
Balance at 1 April 2018	17,652,937	(510,042)	17,142,895
<i>Total comprehensive loss for the year</i>			
Loss for the year, representing total comprehensive loss for the year	–	(45,456)	(45,456)
Balance at 31 March 2019	17,652,937	(555,498)	17,097,439
Balance at 1 April 2019	17,652,937	(555,498)	17,097,439
<i>Total comprehensive loss for the year</i>			
Loss for the year, representing total comprehensive loss for the year	–	(93,994)	(93,994)
Balance at 31 March 2020	17,652,937	(649,492)	17,003,445

The accompanying notes are an integral part of these financial statements

Statement of cash flows
Year ended 31 March 2020

	2020	2019
	\$	\$
Cash flows from operating activities		
Loss for the year	(93,994)	(45,456)
Changes in other receivables	(2,336)	–
Changes in other payables	3,606	11,387
Cash used in operations	(92,724)	(34,069)
Tax paid	–	–
Net cash used in operating activities	(92,724)	(34,069)
Net decrease in cash and cash equivalents	(92,724)	(34,069)
Cash and cash equivalents at 1 April	103,279	137,348
Cash and cash equivalents at 31 March	10,555	103,279

The accompanying notes are an integral part of these financial statements

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 June 2020.

1 Domicile and activities

JKM Global Pte. Limited ('the Company') is incorporated in Singapore. The address of the Company's registered office is 8 Temasek Boulevard, #35-03 Suntec Tower 3, Singapore 038988.

The principal activities of the Company are those relating to investment holding and to buy, sell and deal in goods or services from Indian companies and other associated companies, in different parts of the world.

The immediate and ultimate holding company during the financial year was Dynamatic Technologies Limited, incorporated in India.

2 Going concern

The financial statements have been prepared on a going concern basis as the holding company, Dynamatic Technologies Limited, has undertaken to continue to provide such financial and other support as necessary, to the Company at least for the next twelve months from the date of this financial statements to enable the Company to continue to operate and to meet its obligations.

3 Basis of preparation

3.1 Statement of compliance

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

On 1 April 2019, the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior period.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 5 - Investment in subsidiary.

4 Significant accounting policies

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

4.1 Foreign currency transactions

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

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

4.2 Subsidiaries

Subsidiaries are companies controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

4.3 Financial instruments

(i) **Recognition and initial measurement**

Non-derivative financial assets and financial liabilities

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value to profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

(ii) **Classification and subsequent measurement**

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) Derecognition Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise bank balances.

4.4 Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for expected credit loss (“ECLs”) on financial assets measured at amortised costs.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

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 Company’s procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Company’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

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

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

4.5 Provisions

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

4.6 Revenue recognition

Management fee income

Management fee income is recognised in profit or loss when the Company had rendered the management services at a point in time and the right to receive payment is established.

4.7 Employee benefits

Short-term employee benefits

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

4.8 Tax

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

Current tax assets and liabilities are offset only if certain criteria are met.

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

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

4.9 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and have not been applied in preparing these financial statements. None of these new standards and interpretations and amendments to standards are expected to have a significant effect on the financial statements of the Company.

5 Investment in subsidiary

	2020	2019
	\$	\$
Unquoted shares, at cost	<u>18,672,117</u>	<u>18,672,117</u>

Details of the subsidiary are as follows:

Name of subsidiary	Place of incorporation/business	Equity interest held by the Company	
		2020	2019
		%	%
Dynamatic Limited	United Kingdom	100	100

The consolidated financial statements of the Company and its subsidiary have not been prepared as the Company has fulfilled the exemption criteria under FRS 110 *Consolidated Financial Statements*. Consolidated financial statements of the ultimate holding company, Dynamatic Technologies Limited, are publicly available for use and can be obtained at No. 11, Dynamatic Park Peenya, Bangalore 560058 India.

Impairment of investment in subsidiary

The Company evaluates, amongst other factors, the financial health of and near-term business outlook for the investment and operational financing cash flows, to assess the recoverable amounts of its investment in subsidiary.

Differences between the actual performance of the subsidiary and management's annual impairment review will affect the results of the period in which such differences are determined. The recoverable amount of the Company's investment in subsidiary could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount. An increase in impairment losses will increase other expenses and decrease non-current assets

6 Other receivables

	2020	2019
	\$	\$
Deposits	21,401	21,401
Prepaid expense	2,336	-
	<hr/>	<hr/>
	23,737	21,401

7 Share capital

	2020	2019
	No. of shares	No. of shares
Issued and fully paid ordinary shares, with no par value:		
At 1 April and 31 March	<hr/>	<hr/>

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

8 Other payables

	2020	2019
	\$	\$
Accrued operating expenses	17,963	15,025
Amounts due to subsidiary (non-trade)	1,685,001	1,684,333
	<hr/>	<hr/>
	1,702,964	1,699,358

Amounts due to subsidiary are unsecured, interest-free and repayable on demand.

The Company's exposure to foreign currency and liquidity risks related to other payables is disclosed in note 13.

9 Other income

	2020	2019
	\$	\$
Management fees income from subsidiary	<hr/>	<hr/>
	344,063	353,582

10 Tax expense

	2020 \$	2019 \$
Current tax expense	—	—
<i>Reconciliation of effective tax rate</i>		
Loss before tax	(93,994)	(45,456)
Tax using the Singapore tax rate of 17% (2019: 17%)	(15,979)	(7,728)
Non-deductible expenses	15,979	7,728
	—	—

The following temporary differences have not been recognised:

	2020 \$	2019 \$
Unremitted interest and dividend income	1,374,049	1,374,049
Allowable expenses to be deducted against unremitted income when remitted	(847,311)	(847,311)
Taxable temporary difference	<u>526,738</u>	<u>526,738</u>

Taxable temporary difference relate to the unremitted interest and dividend income earned in foreign country which will only be taxed when it is remitted to Singapore. No deferred tax liability has been provided for as the management is of the view that the unremitted interest and dividend income will not be remitted to Singapore.

11 Loss for the year

The following items have been included in arriving at loss for the year:

	2020 \$	2019 \$
Foreign exchange (gain)	(1,460)	(36,839)
Staff costs	<u>382,350</u>	<u>382,200</u>

12 Significant related party transactions

Key management personnel compensation

The directors are considered as key management personnel of the Company.

Key management personnel compensation comprised:

	2020 \$	2019 \$
Short-term employee benefit	<u>180,000</u>	<u>180,000</u>

Other related party transactions

Other than disclosed elsewhere in the financial statements, there are no other significant transactions with related parties.

13 Financial risk management

Overview

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

- credit risk
- liquidity risk
- foreign currency risk

Risk management framework

The Company's risk management policies are established at the holding company to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly at the holding company to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

At reporting date, there were no significant concentrations of credit risk except for balances with bank. Cash is placed with banks which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Cash and cash equivalents

Cash and bank balances are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalent has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowances on cash and cash equivalents is negligible.

Liquidity risk

At the end of the financial year, the Company had a net current liability position of \$1,668,672 (2019: \$1,574,678) and made a net loss of \$93,994 (2019: \$45,456).

The financial statements have been prepared on a going concern basis as the ultimate holding company has undertaken to provide continuous financial support to the Company to enable the Company to pay its debts as and when they fall due. Accordingly, management has considered these factors and concluded that the Company can operate as a going concern based on the continuous financial support from ultimate holding company.

The rapid outbreak of the COVID-19 pandemic presents an alarming health crisis that the world is grappling with and its impacts are unfolding in real time. The COVID-19 outbreak has had a significant effect on the economies of affected countries and international financial markets. Accordingly, the ultimate holding company felt the need to evaluate the impacts of the outbreak on their accounting and financial reporting. Various accounting estimates, which depend on future forecasts, could be impacted by the outbreak. The ultimate holding company have worked on the principle that a conservative approach is both prudent and desirable, given the uncertainty around the length and severity of the pandemic-induced global economic slump. In this context, the ultimate holding company, by using internal and external sources, performed a sensitivity analysis in order to arrive at the assumptions of the expected future performance in respect to carrying amounts of property, plant and equipment, investments, inventories, receivables and other assets and based on current estimate and expects the carrying amount of all assets to be recovered.

Foreign currency risk

The Company is exposed to currency risk on the holding company which are denominated in currencies other than the functional currency. The currency in which these transactions primarily are denominated in Sterling pound.

	Other receivables \$	Other payables \$	Total \$
31 March 2020			
Sterling pound	—	(1,685,001)	(1,685,001)
31 March 2019			
Sterling pound	—	(1,684,333)	(1,684,333)

Sensitivity analysis

A 10% strengthening of Singapore dollars against the following currency at the reporting date would (decrease)/increase profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	2020	2019
	Profit or loss	Profit or loss
	US\$	US\$
Sterling pound	(168,500)	(168,433)

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

Capital management

The Company defines “capital” to include share capital and accumulated losses of the Company. The Board’s policy is to maintain a strong capital base so as to maximise shareholder value and to sustain the future development of the business.

There were no changes in the Company’s approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Fair values

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents and other payables) are assumed to approximate their fair values because of the short period to maturity.

Financial assets and liabilities by category

Set out below is a comparison by category of carrying amounts of all the Company's financial assets and liabilities that are carried in the financial statements.

	Financial assets	Other financial liabilities	Total
	\$	\$	\$
2020			
Assets			
At amortised cost	31,956	–	<u>31,956</u>
Liabilities			
At amortised cost	–	1,702,964	<u>1,702,964</u>
 2019			
Assets			
At amortised cost	124,680	–	<u>124,680</u>
Liabilities			
At amortised cost	–	1,699,358	<u>1,699,358</u>