

---

**INTELLECT DESIGN ARENA PTE. LTD.**

*(Company Registration No. 199701040R)*

**Financial Statements For The Year Ended March 31, 2018**

---

# Intellect Design Arena Pte. Ltd.

*(Incorporated in the Republic of Singapore)*

---

## Directors

Jaideep Billa

Swaminathan Subramanian

Ravanasamudram Nilakantam Nagaraj Prasad

Anand Pande

(Appointed on 08.11.2017)

## Secretary

Vangal Rangarajan Ranganathan

## Registered Office

No. 10 UBI Crescent

#04-48 UBI Techpark

Lobby C, UBI Avenue 1

Singapore 408564

## Auditors

Natarajan & Swaminathan

Chartered Accountants of Singapore

1 North Bridge Road

#19-04/05 High Street Centre

Singapore 179094

---

<b>Index</b>	<b>Page</b>
Directors' Statement	1 - 2
Independent Auditors' Report	3 - 5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 34

---

# Intellect Design Arena Pte. Ltd.

## Directors' Statement

*For the financial year ended March 31, 2018*

---

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

### **1 Directors**

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

Jaideep Billa

Swaminathan Subramanian

Ravanasamudram Nilakantam Nagaraj Prasad

Anand Pande

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

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

### **3 Directors' interest in shares and debentures**

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

### **4 Share options**

During the financial year, there were:

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

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

# Intellect Design Arena Pte. Ltd.

## Directors' Statement

*For the financial year ended March 31, 2018*

### 5 Auditors

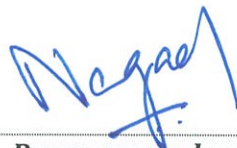
The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.

### 6 Directors' opinion

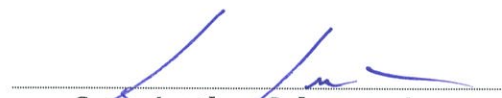
In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**On behalf of the board of directors**



**Ravanasamudram Nilakantam**  
**Nagaraj Prasad**



**Swaminathan Subramanian**

Date: April 28, 2018



**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF INTELLECT DESIGN ARENA PTE. LTD.**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**  
*(Incorporated in the Republic of Singapore)*

---

**Report on the Audit of the Financial Statements**

**Opinion**

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

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

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (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.

**Emphasis Matter**

Without qualifying our opinion, we draw attention to **Note 5** to the financial statements. The Company has investments in subsidiaries amounting to S\$13,594,452 that includes subsidiaries in operations from a couple of years to more than 4 years. Certain subsidiaries, namely, Intellect Design Arena, Inc. and Intellect Design Arena Philippines, Inc. have been in operations for more than 4 years, and is in capital deficit. The management does not consider any impairment is necessary for the cost of investment in these subsidiaries based on future projections of results for these subsidiaries. The forecast are based on several factors and actual results may differ from forecast.

**Other Information**

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

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



**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF INTELLECT DESIGN ARENA PTE. LTD.**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**  
*(Incorporated in the Republic of Singapore)*

---

**Other Information (Cont'd)**

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

**Responsibilities of Management and Directors for the Financial Statements**

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

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF INTELLECT DESIGN ARENA PTE. LTD.**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**  
*(Incorporated in the Republic of Singapore)*

---

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

  
**Natarajan & Swaminathan**  
**Public Accountants and Chartered Accountants Singapore**

Date: April 28, 2018

# Intellect Design Arena Pte. Ltd.

## Statement of Financial Position

As at March 31, 2018

	Note	2018	2017
		S\$	S\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	684,985	708,510
Investment in subsidiaries	5	13,594,452	12,176,452
Deferred tax assets	6	25,531	15,989
<b>Total non-current assets</b>		<u>14,304,968</u>	<u>12,900,951</u>
<b>Current assets</b>			
Trade receivables	7	1,209,679	3,288,825
Other receivables	8	1,813,531	3,149,992
Cash at bank	9	719,164	643,554
<b>Total current assets</b>		<u>3,742,374</u>	<u>7,082,371</u>
<b>Total assets</b>		<u><b>18,047,342</b></u>	<u><b>19,983,322</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	5,217,500	3,799,500
Accumulated profits		7,166,677	6,799,645
<b>Total equity</b>		<u>12,384,177</u>	<u>10,599,145</u>
<b>Current liabilities</b>			
Trade payables and accruals	11	3,333,868	1,184,681
Other payables	12	1,960,869	8,190,562
Income tax payable		368,428	8,934
<b>Total current liabilities</b>		<u>5,663,165</u>	<u>9,384,177</u>
<b>Total liabilities</b>		<u>5,663,165</u>	<u>9,384,177</u>
<b>Total equity and liabilities</b>		<u><b>18,047,342</b></u>	<u><b>19,983,322</b></u>

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



# Intellect Design Arena Pte. Ltd.

## Statement of Comprehensive Income

For the financial year ended March 31, 2018

	Note	<u>2018</u>	<u>2017</u>
		S\$	S\$
Revenue	13	11,332,323	9,728,313
Other income	14	138,587	315,076
Cost of services	15	(3,735,605)	(4,300,996)
Salaries and employee benefits	16	(6,097,511)	(5,425,512)
Depreciation of property, plant and equipment	4	(29,617)	(52,892)
Other operating expenses		(570,765)	(1,018,618)
Finance cost	17	(153,249)	(188,024)
<b>Profit/(Loss) before income tax</b>	18	884,163	(942,653)
Income tax expense	19	(517,131)	(328,395)
<b>Profit/(Loss) after income tax</b>		367,032	(1,271,048)
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<u>367,032</u>	<u>(1,271,048)</u>

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

# Intellect Design Arena Pte. Ltd.

## Statement of Changes in Equity

*For the financial year ended March 31, 2018*

	Note	Share capital	Accumulated profits	Total
		S\$	S\$	S\$
Balance as at 01.04.2016		3,799,500	8,070,693	11,870,193
Total comprehensive loss for the year		-	(1,271,048)	(1,271,048)
Balance as at 31.03.2017		3,799,500	6,799,645	10,599,145
Issue of shares	10	1,418,000	-	1,418,000
Total comprehensive income for the year		-	367,032	367,032
Balance as at 31.03.2018		5,217,500	7,166,677	12,384,177

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

# Intellect Design Arena Pte. Ltd.

## Statement of Cash Flows

For the financial year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<b>Cash flows from operating activities</b>		
Profit/(Loss) before income tax	884,163	(942,653)
Adjustments for:		
Depreciation of property, plant and equipment	29,617	52,892
Interest income	(846)	(5,966)
Interest expense	153,249	188,024
Loss on disposal of plant and equipment	-	12,683
Currency translation	(201)	(1,304)
Operating profit/(loss) before working capital changes	1,065,982	(696,324)
Trade receivables	2,079,146	89,278
Other receivables	1,337,203	2,031,138
Trade payables and accruals	2,149,187	(1,294,233)
Other payables	9,196	35,827
Cash generated from/(used in) operations	6,640,714	165,686
Interest received	846	5,966
Income tax paid	(167,720)	(447,155)
Net cash from/(used in) operating activities	<u>6,473,840</u>	<u>(275,503)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,092)	(5,600)
Investment in subsidiaries	<u>(1,418,000)</u>	<u>(187,078)</u>
Net cash used in investing activities	<u>(1,424,092)</u>	<u>(192,678)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(188,468)	(188,024)
Proceeds from issue of shares	1,418,000	-
Other payables - holding company and related companies	<u>(6,203,670)</u>	<u>1,154,026</u>
Net cash (used in)/from financing activities	<u>(4,974,138)</u>	<u>966,002</u>
<b>Net increase in cash and cash equivalents</b>	75,610	497,821
Cash and cash equivalents brought forward	643,554	145,733
<b>Cash and cash equivalents carried forward</b>	<u><b>719,164</b></u>	<u><b>643,554</b></u>
Cash and cash equivalents comprise:-		
Cash at bank	719,164	643,554
	<u><b>719,164</b></u>	<u><b>643,554</b></u>

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

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

*For the financial year ended March 31, 2018*

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

### 1 Corporate information

The Company (Registration No. 199701040R) is a private limited Company incorporated and domiciled in Singapore.

The registered office and the principal place of business are at No. 10 UBI Crescent #04-48, UBI Tech Park Lobby C, Ubi Avenue 1, Singapore 408564.

The principal activities of the Company are to develop software and to provide software related services.

There has been no significant change in the nature of these activities during the financial year.

#### *Holding company*

The Company is a wholly owned subsidiary of 'Intellect Design Arena Ltd', a company incorporated and listed in the Stock Exchanges in India namely, National Stock Exchange and Bombay Stock Exchange, which is also the Company's ultimate holding company.

#### *Branch office*

The Company has registered a Branch in Japan and the revenue and expenses of the branch has been incorporated in the financial statements.

#### *Subsidiaries*

Refer **Note 5** to the financial statements for the subsidiaries and its principal activities.

### 2 Going concern

As at statement of financial position date, the Company's current liabilities exceeded its current assets by S\$1,920,791 (2017:S\$2,301,806). The financial statements have been prepared on a going concern basis on the assumption that financial support from the holding company will continue to be available. In the event that there is no continued financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further costs, which might arise. The directors are satisfied that financial support from the holding company will be available as and when required.

### 3 Significant accounting policies

#### a) **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") as required by the Singapore Companies Act, Chapter 50. These financial statements are the separate financial statements of Intellect Design Arena Pte. Ltd..

The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Intellect Design Arena Ltd, a company incorporated in India, which prepares consolidated financial statements available for public use. The registered office of Intellect Design Arena Ltd is as follow:

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 3 Significant accounting policies (Cont'd)

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

Polaris House  
244 Anna Salai  
Chennai 600 006  
India

The financial statements are expressed in Singapore Dollar (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer **Note 3(c)** to the financial statements).

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

FRS 7 (Amendments) : Disclosure Initiative

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

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

#### b) Consolidated financial statements

Consolidated financial statements of the Company and its subsidiaries has not been prepared as the Company is a wholly owned subsidiary of a company incorporated in India (refer **Note 1** to the financial statements), which publishes consolidated financial statements.

#### c) Critical judgments in applying the entity's accounting policies

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

#### *Key sources of estimation uncertainty*

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



### 3 Significant accounting policies (Cont'd)

#### c) Critical judgments in applying the entity's accounting policies (Cont'd)

##### Depreciation

The Company depreciates the property, plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using the straight-line method. The estimated useful life reflects the directors' estimate of the years that the Company intends to derive future economic benefits from the use of the Company's property, plant and equipment. The residual values reflect the directors' estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

##### Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment loss, if any. In determining if there is any impairment, the management evaluates the market and economic environment in which the entities operates, the economic performance, the forecasted results, the net assets values, and the operating cash flow of these entities. The evaluation of these factors involves a significant degree of management judgment.

##### Allowance for trade and other receivables

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

#### d) Foreign currency transactions

##### *(i) Functional currency*

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

##### *(ii) Transactions and balances*

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

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

#### e) Property, plant and equipment

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

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 3 Significant accounting policies (Cont'd)

#### f) Depreciation of property, plant and equipment

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

Leasehold properties	-	55	years
Furniture & fittings	-	10	years
Office equipment	-	10	years
Computers & peripherals	-	5	years
Computer software	-	3	years
Renovation	-	10	years
Other assets	-	6	years

Fully depreciated assets still in use are retained in the financial statements.

#### g) Investment in subsidiaries

Subsidiaries are investees that are 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.

Investments in the subsidiaries are carried at cost less accumulated impairment losses, if any. On disposal of investments in subsidiaries, the differences between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

#### h) Impairment of non-financial assets

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

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods.

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 3 Significant accounting policies (Cont'd)

#### h) Impairment of non-financial assets (Cont'd)

A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### i) Financial instruments

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

##### Effective interest method

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

##### Financial assets

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

##### Recognition

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

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

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

##### - *Loans and receivables*

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

### 3 Significant accounting policies (Cont'd)

#### i) Financial instruments (Cont'd)

##### Impairment

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

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

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

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

##### Derecognition

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

##### Financial liabilities

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

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

### 3 Significant accounting policies (Cont'd)

#### i) Financial instruments (Cont'd)

##### *Financial liabilities (Cont'd)*

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

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

#### j) Provisions

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

#### k) Cash and cash equivalents

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

#### l) Related parties

A related parties are 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 or its holding 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, classified as related company);
- (ii) One entity is an associate or joint venture of the other entity (for an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;



# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 3 Significant accounting policies (Cont'd)

#### l) Related parties (Cont'd)

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

- (iv) One entity is a joint venture of the third entity and the other entity is an associate of the third party;
- (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); and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or its holding company;

#### m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised.

##### (i) Revenue from rendering of services

###### (a) Time-and-material contracts

Revenue with respect to time-and-material contracts is recognised as the related services are performed.

###### (b) Fixed price contracts

Revenue related to contracts providing maintenance and support services, is recognised over the term of the contract, whilst revenue related to other fixed price contracts are recognised in accordance with the percentage of completion method (PCM). Percentage of completion is measured by reference to the milestones completed in proportion to the deliverable as per the contracts with the customers. The contract sum is apportioned over each milestone to be completed based on the input (efforts) required to complete the milestones. Revenue is recognised in accordance with the milestone completed. Provision for estimated losses on incomplete contracts are recorded in the year in which losses become probable based on the current contract estimates.

For services accounted for under the PCM method, earnings in excess of billing are classified as unbilled revenue, while billing in excess of earnings are classified as deferred revenue.

**3 Significant accounting policies (Cont'd)****m) Revenue recognition (Cont'd)****(ii) Multiple-element arrangements**

When a sales arrangement contains multiple elements, such as services, hardware and software products and licenses, revenue for each element is based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence if available or third party evidence if vendor specific evidence is not available, or estimated selling price if neither vendor specific objective nor third party evidence is available.

The best estimate of selling price is established considering internal factors such as margin objectives, pricing practices and customer segment pricing strategies. Consideration is also given to market conditions such as competitor pricing strategies. In multiple-element arrangements, revenue is allocated to each separate unit of accounting using the relative selling price of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. If the arrangement contains more than one software deliverable, the arrangement consideration is allocated to each software deliverable based on their value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer specified return or refund privileges.

Certain upfront non-recurring contract acquisition costs incurred in the initial phases of contracts are deferred and amortised usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortised costs. If the unamortised costs exceed the undiscounted cash flow, a loss is recognised.

When revenue is derived from sales of third party vendor services, material or licenses, revenue is recorded on a gross basis when the Company is a principal to the transaction and net of costs when the Company is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Company is a principal or an agent, most notably whether the Company is a primary obligor the customer, has established its own pricing, and has inventory and credit risks.

**(iii) Interest income**

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

**(iv) Rental income**

Rental income from sublet of property are recognised on a straight-line monthly basis over the lease term.

### 3 Significant accounting policies (Cont'd)

#### m) Revenue recognition (Cont'd)

##### (v) Government grant

Government grant is recognised upon receipt basis.

#### n) Employee benefits

##### *Retirement benefit costs*

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

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

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

##### *Key management personnel*

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

#### o) Finance cost

Interest expense and similar charges are expensed in the profit or loss in the year in which they are incurred.

#### p) Operating lease

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

#### q) Goods and services tax

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

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

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

**3 Significant accounting policies (Cont'd)****s) Income tax**

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

**4 Property, plant and equipment**

A separate schedule for property, plant and equipment is enclosed. Refer **Page 33** and **Page 34** to the financial statements.

The leasehold properties are located at 10 UBI Crescent, #04-48/49 Lobby C, Ubi Techpark, Singapore 408564.

**5 Investment in subsidiaries**

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Unquoted equity shares, at cost	<u>13,594,452</u>	<u>12,176,452</u>

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 5 Investment in subsidiaries (Cont'd)

Details of the subsidiaries:-

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Percentage of equity held		Cost	
			2018	2017	2018	2017
			%	%	S\$	S\$
Intellect Design Arena, Inc.	United States of America	To develop software and to provide software related services in the insurance industry	100	100	12,034,445	10,616,445
Intellect Design Arena Philippines, Inc. (*)	Philippines	To develop software and to provide software related services	100	100	650,100	650,100
PT Intellect Design Arena, Indonesia (#)	Indonesia	To develop software and to provide software related services in the insurance industry	100	100	335,250	335,250
Intellect Design Arena Ltd (+)	Thailand	To develop software and to provide software related services	100	100	307,441	307,441
FT Grid Pte. Ltd.	Singapore	To develop software and to provide software related services	100	100	100	100
Intellect Design Sdn Bhd.	Malaysia	To develop software and to provide software related services	100	100	169,400	169,400
Intellect Design Arena Pty. Ltd.	Australia	To develop software and to provide software related services	100	100	97,716	97,716
					<b>13,594,452</b>	<b>12,176,452</b>

(\*) 3 shares are held by a certain officers of the subsidiary and 4 shares are held by a director of the Company on behalf of the Company (2017: 3 shares are held by a certain officers of the subsidiary and 4 shares are held by a director of the Company on behalf of the Company).

(#) 10 shares are held by a commissioner of the subsidiary on behalf of the Company (2017: 10 shares are held by a commissioner of the subsidiary on behalf of the Company).

(+) 2 shares are held by certain directors on behalf of the Company (2017: 2 shares are held by certain directors on behalf of the Company).



# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 6 Deferred tax asset

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Provision for expenses	<u>25,531</u>	<u>15,989</u>

The movement in the deferred tax asset is as follows:

At beginning of year	15,989	30,426
Credit/(Debit) to profit or loss	9,341	(15,741)
Currency translation	201	1,304
<b>At end of the year</b>	<u><b>25,531</b></u>	<u><b>15,989</b></u>

Refer to **Note 19** to the financial statements for deferred tax not recognised.

### 7 Trade receivables

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Outside parties	450,224	1,361,913
Less: Allowance for doubtful debts		
- At beginning of the year	-	140,414
- Charge for the year	7,240	-
- Amount written off against trade receivables	-	(140,414)
- At end of the year	<u>7,240</u>	<u>-</u>
	442,984	1,361,913
Accrued revenue	<u>766,695</u>	<u>1,926,912</u>
	<u><b>1,209,679</b></u>	<u><b>3,288,825</b></u>

The average credit period given to external customers' average 100 days (2017:100 days). No interest is charged on the trade receivables.

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Not past due	197,437	1,024,670
Past due 1 to 30 days	199,452	-
Past due 31 to 60 days	-	636
Past due 61 to 90 days	1,817	149,868
Past due more than 90 days (*)	<u>44,278</u>	<u>186,739</u>
	<u><b>442,984</b></u>	<u><b>1,361,913</b></u>

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 7 Trade receivables (Cont'd)

The Company has not made any allowance on all these receivables, except for those doubtful of recovery, as the directors are of the view that all the receivables are recoverable.

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
United States Dollar	<u>1,143,685</u>	<u>3,287,219</u>

### 8 Other receivables

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Sundry receivables	5,135	197,822
Holding company	171,347	-
Subsidiaries:		
- Loan	-	184,911
- Other advance	1,071,123	2,178,268
Related companies	421,257	421,257
Staff advances	46,001	44,705
Deposits	67,099	70,949
Prepayments	30,827	52,080
Tax receivable	742	-
	<u>1,813,531</u>	<u>3,149,992</u>

The amount due from holding company, subsidiaries and related companies are unsecured, interest free and repayable on demand, except for, in 2016, the loan to a subsidiary of S\$184,911 bore interest at 3.25% per annum.

The advance to related company of S\$421,257 (2017:S\$421,257) is guaranteed by the holding company.

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Australian Dollar	-	184,911
Indonesian Rupiah	-	2,800
Japanese Yen	45,547	11,186
United States Dollar	<u>1,165,577</u>	<u>2,432,203</u>

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 9 Cash at banks

The cash at banks that are not denominated in Singapore Dollar are as follows:-

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Japanese Yen	415,939	158,881
United States Dollar	<u>238,688</u>	<u>411,163</u>

### 10 Share capital

	<u>2018</u> No. of shares issued	<u>2018</u> S\$	<u>2017</u> No. of shares issued	<u>2017</u> S\$
<b>Ordinary shares issued and fully paid</b>				
Balance at beginning of year	3,799,500	3,799,500	3,799,500	3,799,500
Shares issued	<u>1,418,000</u>	<u>1,418,000</u>	-	-
<b>Balance at end of year</b>	<b><u>5,217,500</u></b>	<b><u>5,217,500</u></b>	<b><u>3,799,500</u></b>	<b><u>3,799,500</u></b>

During the financial year, the Company had issued 1,418,000 ordinary shares for a total cash consideration of S\$1,418,000.

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

### 11 Trade payables and accruals

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Trade payables:		
- Outside parties	253,784	118,508
- Holding company	1,728,358	17,536
Accrued expenses	<u>1,351,726</u>	<u>1,048,637</u>
	<b><u>3,333,868</u></b>	<b><u>1,184,681</u></b>

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Japanese Yen	458,097	358,884
United States Dollar	<u>414,042</u>	<u>166,936</u>

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 12 Other payables

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Sundry payables	77,081	67,885
Holding company	174,591	1,676,559
Related companies:		
- Loan	1,709,197	6,410,899
- Interest accrued	-	35,219
	<u>1,960,869</u>	<u>8,190,562</u>

The amount due to holding company and related companies are unsecured, interest free and repayable on demand, except for the loan from related companies of S\$910,487 (2017:S\$5,199,499) and S\$798,710 (2017:S\$1,211,400) that bears interest of 3.25% (2017:3.25%) per annum and 4% (2017:4%) per annum respectively.

The other payables that are not denominated in Singapore Dollar are as follows:-

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Euro	-	283,535
Great British Pound	910,487	1,672,979
Japanese Yen	247,757	225,775
United States Dollar	<u>798,710</u>	<u>4,489,605</u>

### 13 Revenue

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Services income	<u>11,332,323</u>	<u>9,728,313</u>

### 14 Other income

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Foreign exchange gain	77,055	267,376
Government grant:		
- Wage credit scheme	1,489	3,750
- Temporary employment credit	3,619	-
Interest income from loans:		
- Subsidiary	846	-
- Related companies	-	5,966
Miscellaneous income	10,365	7,984
Rental income	<u>45,213</u>	<u>30,000</u>
	<u>138,587</u>	<u>315,076</u>

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 15 Cost of services

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Consultancy charges	3,089,676	4,109,737
Software licence	645,929	191,259
	<u><b>3,735,605</b></u>	<u><b>4,300,996</b></u>

### 16 Salaries and employee benefits

Salaries and employee benefits for the financial years ended;

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		S\$	S\$
Salaries and wages		5,427,829	4,851,056
CPF contribution (defined)		71,885	89,771
Director's remuneration		159,908	432,119
CPF on director's remuneration (defined)		12,240	12,240
Insurance		57,780	57,256
Staff training and welfare		634,732	217,358
Social security cost		290,616	286,438
		6,654,990	5,946,238
Less: Expenses recovered	20	(557,479)	(520,726)
		<u><b>6,097,511</b></u>	<u><b>5,425,512</b></u>

#### Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Salaries and other employee benefits	<u>172,148</u>	<u>444,359</u>

### 17 Finance cost

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Interest on loans from related companies	<u><b>153,249</b></u>	<u><b>188,024</b></u>

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 18 Profit/(Loss) before Income tax

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Allowance for doubtful debts - trade (outside parties)	7,240	-
Bad debts written off - trade (outside parties)	1,440	-
Foreign exchange gain	(77,055)	(267,376)
Professional charges	161,952	390,960
Loss on disposal of plant and equipment	-	12,683
Transport and travelling	241,676	334,339

### 19 Income tax expense

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Current year	406,239	79,198
Prior year over provision	-	(50,632)
Deferred tax (credit)/expense	(9,341)	15,741
Foreign withholding tax	120,233	284,088
	<u>517,131</u>	<u>328,395</u>

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<b>Profit/(Loss) before income tax</b>	<b>884,163</b>	<b>(942,653)</b>
Tax expense/(benefit) at statutory rate of 17% (*)	367,660	(109,664)
Non-deductible items	28,720	80,706
Productivity and innovation credit	-	(2,856)
Deferred tax arising in the year not provided	11,176	177,475
Other deductions for branch	(8,415)	(23,215)
Foreign withholding tax	120,233	284,088
Prior year over provision	-	(50,632)
Other items	(2,243)	(27,507)
<b>Income tax expense for the financial year</b>	<b>517,131</b>	<b>328,395</b>

(\*) Reconciliation is arrived by aggregating separate reconciliation prepared using the domestic rate in each individual jurisdiction (of the company and its branch).

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 19 Income tax expense (Cont'd)

As at statement of financial position date, the Company has unutilised tax losses of approximately S\$1,725,000 (2017:S\$1,676,000) available for set off against the future taxable profits, subject to compliance with Section 37 of the Income Tax Act, Cap.134 and agreement by the Comptroller of Income Tax.

Deferred tax assets/(liabilities) as of end of the financial year not recognised in the financial statements are as follows:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Differences in depreciation	(3,000)	(4,000)
Unutilised tax losses	293,000	285,000
	<u>290,000</u>	<u>281,000</u>

The deferred tax asset is not recognised as future taxable profits to utilise the benefits cannot be reasonably estimated.

### 20 Holding company and related parties transactions

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

During the financial year, the Company entered into the following transactions:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<b>Holding company</b>		
Income from software services	276,570	305,813
Software development fees paid	3,124,451	3,566,253
Expenses recovered	<u>557,479</u>	<u>520,726</u>
<b>Related parties</b>		
Expenses paid on behalf of related parties and recovered :		
- Salary	-	100,130
Interest received	846	5,966
Interest paid	<u>153,249</u>	<u>188,024</u>

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 21 Financial instruments, financial and capital risk management

#### (a) Categories of financial instruments

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<b>Financial assets</b>		
Loans and receivables	<u>3,710,805</u>	<u>7,030,291</u>

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<b>Financial liabilities</b>		
Amortised cost	<u>5,294,737</u>	<u>9,375,243</u>

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

#### (b) Fair value measurements

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

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

#### (c) Financial risk

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



# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 21 Financial instruments, financial and capital risk management (Cont'd)

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

##### *Interest rate risk*

The Company has no significant exposure to market risk for changes in interest rates as it has no interest bearing borrowings with variable interest rates as of end of the financial year.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As of year end, the current liabilities exceed the current assets. The Company does not anticipate any problems in obtaining additional funding from its holding company if the need arises. As at the date of this report, its holding company has undertaken to provide adequate financial support to enable the Company to meet its liabilities as and when they fall due.

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

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S\$	S\$	S\$	S\$
<b>2018</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	3,585,540	(3,585,540)	(3,585,540)	-
Interest-bearing borrowings	1,709,197	(1,770,736)	(1,770,736)	-
	<b>5,294,737</b>	<b>(5,356,276)</b>	<b>(5,356,276)</b>	-
<b>2017</b>				
<b>Non-derivative financial liabilities</b>				
Trade and other payables	2,964,344	(2,964,344)	(2,964,344)	-
Interest-bearing borrowings	6,410,899	(6,628,339)	(6,628,339)	-
	<b>9,375,243</b>	<b>(9,592,683)</b>	<b>(9,592,683)</b>	-

##### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all its customers. The Company has adopted a policy of only dealing with creditworthy counterparties. As at year end, the Company's trade receivables of outside parties comprise of three customers' balance that comprise of 79% (2017: a significant customer whose balance comprise 75%) of the Company's trade receivables.

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

### 21 Financial instruments, financial and capital risk management (Cont'd)

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

The Company also has significant exposure of credit risk in relation to its other receivables from its subsidiaries and a related company. Three subsidiaries (2017: three subsidiaries) and a related company's (2017: a related company's) balance comprise 100% (2017: 61%) and 100% (2017: 100%) of the subsidiaries and related company's balances respectively. The management does not foresee any risk of default by these parties as they creditworthy customers and the balances are not past due. Further details of credit risks on trade receivables are disclosed in **Note 8** to the financial statements.

Cash at banks are placed with credit worthy financial institutions.

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

#### *Foreign currency risk*

The Company transacts its business in Singapore Dollar and also in other currencies such as United States Dollar, Japanese Yen and few other currencies.

At financial year end, the carrying amounts of monetary assets and liabilities denominated in currencies other than in the functional currency of the Company are disclosed in the respective notes to the financial statements.

#### *Foreign currency sensitivity analysis*

The Company has investment in foreign subsidiaries where net assets are exposed to currency translation risk. The Company has not taken up any hedge from this exposure.

Any increase or decrease in the following foreign currencies will have an impact on the financial statements:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<i>Increase in the rate of the foreign currencies against Singapore Dollar will increase/(decrease) the profit before tax by:</i>		
Australian Dollar	-	18,000
Euro	-	(28,000)
Great British Pound	(91,000)	(167,000)
Japanese Yen	(25,000)	(42,000)
United States Dollar	133,600	148,000

*A corresponding decrease in the rate of foreign currencies will have the vice-versa effect on the results of the Company.*

The fluctuations in the other foreign currencies against the Singapore Dollar will not have any significant impact on the results of the Company.

#### *Price risk*

As of end of the financial year end, the Company has no significant exposure to price risk.

# Intellect Design Arena Pte. Ltd.

## Notes to the Financial Statements

For the financial year ended March 31, 2018

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

#### (d) Capital risk management

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

As part of the management's review of the capital structure, the management considers the cost of capital and the risks associated with each class of capital. The management will balance its overall capital structure through the payment of dividends, new issue of shares, obtaining new loans or repayment of loans.

The management's overall strategy remains unchanged from 2017.

### 22 New accounting standards and FRS interpretations

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

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

#### *Improvements to FRSs*

FRS 101 (Amendments) : First-time Adoption of Financial Reporting Standards	January 1, 2018
---	-----------------

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

### 23 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on April 28, 2018.

## Intellect Design Arena Pte. Ltd.

### Schedule For Property, Plant And Equipment

	Leasehold properties	Furniture & fittings	Office equipment	Computers & peripherals	Computer software	Renovation	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Cost</b>							
At April 1, 2017	934,400	81,721	56,098	20,655	39,008	153,491	1,285,373
Additions	-	-	1,653	-	4,439	-	6,092
At March 31, 2018	934,400	81,721	57,751	20,655	43,447	153,491	1,291,465
<b>Depreciation</b>							
At April 1, 2017	249,399	80,056	45,443	19,417	29,057	153,491	576,863
Charge for the year	16,989	468	3,762	548	7,850	-	29,617
At March 31, 2018	266,388	80,524	49,205	19,965	36,907	153,491	606,480
<b>Net book value</b>							
At March 31, 2018	668,012	1,197	8,546	690	6,540	-	684,985

## Intellect Design Arena Pte. Ltd.

### Schedule For Property, Plant And Equipment

	Leasehold properties	Furniture & fittings	Office equipment	Computers & peripherals	Computer software	Renovation	Other assets	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Cost</b>								
At April 1, 2016	934,400	93,693	125,684	55,727	251,607	168,241	40,195	1,669,547
Additions	-	-	-	1,220	4,380	-	-	5,600
Disposal	-	(11,972)	(69,586)	(36,292)	(216,979)	(14,750)	(40,195)	(389,774)
At March 31, 2017	934,400	81,721	56,098	20,655	39,008	153,491	-	1,285,373
<b>Depreciation</b>								
At April 1, 2016	232,410	91,560	103,521	52,069	236,832	157,550	27,120	901,062
Charge for the year	16,989	468	5,857	3,640	9,205	10,691	6,042	52,892
Disposal	-	(11,972)	(63,935)	(36,292)	(216,980)	(14,750)	(33,162)	(377,091)
At March 31, 2017	249,399	80,056	45,443	19,417	29,057	153,491	-	576,863
<b>Net book value</b>								
At March 31, 2017	685,001	1,665	10,655	1,238	9,951	-	-	708,510

*Intellect Design Arena Pte. Ltd.*

*The Accompanying Supplementary Detailed Income Statement*

*Has Been Prepared For Management Purposes Only*

*And Does Not Form Part Of The Audited Financial Statements*

# Intellect Design Arena Pte. Ltd.

## Detailed Income Statement

For the financial year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<b>Revenue</b>		
Services income	<u>11,332,323</u>	<u>9,728,313</u>
<b>Other income</b>		
Foreign exchange gain	77,055	267,376
Government grant:		
- Wage credit scheme	1,489	3,750
- Temporary employment credit	3,619	-
Interest income from loans:		
- Subsidiary	846	-
- Related companies	-	5,966
Miscellaneous income	10,365	7,984
Rental income	<u>45,213</u>	<u>30,000</u>
	<u>138,587</u>	<u>315,076</u>
<b>Cost of services</b>		
Consultancy charges	(3,089,676)	(4,109,737)
Software license	<u>(645,929)</u>	<u>(191,259)</u>
	<u>(3,735,605)</u>	<u>(4,300,996)</u>
<b>Salaries and employee benefits</b>		
Salaries and wages	(5,427,829)	(4,851,056)
CPF contribution (defined)	(71,885)	(89,771)
Director's remuneration	(159,908)	(432,119)
CPF on director's remuneration (defined)	(12,240)	(12,240)
Insurance	(57,780)	(57,256)
Staff training and welfare	(634,732)	(217,358)
Social security cost	<u>(290,616)</u>	<u>(286,438)</u>
	<u>(6,654,990)</u>	<u>(5,946,238)</u>
Less: Expenses recovered	<u>557,479</u>	<u>520,726</u>
	<u>(6,097,511)</u>	<u>(5,425,512)</u>
<b>Depreciation of property, plant and equipment</b>	<u>(29,617)</u>	<u>(52,892)</u>
<b>Other operating expenses</b>		
Allowance for doubtful debts - trade (outside parties)	(7,240)	-
Bad debts written off - trade (outside parties)	(1,440)	-
Bank charges	(15,658)	(19,762)
Books and periodicals	(104)	(101)
Business promotion	<u>(6,530)</u>	<u>(101,956)</u>

... Cont'd

# Intellect Design Arena Pte. Ltd.

## Detailed Income Statement

For the financial year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
	S\$	S\$
<b>Other operating expenses (Cont'd)</b>		
Commission	(7,501)	(76,169)
General expenses	(3,356)	(2,745)
Insurance	(510)	(510)
Professional charges	(161,952)	(390,960)
Loss on disposal of plant and equipment	-	(12,683)
Office rent	(22,947)	(15,868)
Postage and courier	(3,467)	(8,298)
Printing and stationery	(4,307)	(6,615)
Rates and taxes	(10,165)	(11,101)
Repairs and maintenance	(25,413)	(11,350)
Telephone expenses	(51,205)	(14,775)
Transport and travelling	(241,676)	(334,339)
Utilities	(7,294)	(11,386)
	<u>(570,765)</u>	<u>(1,018,618)</u>
<b>Finance cost</b>		
Interest on loans from related companies	<u>(153,249)</u>	<u>(188,024)</u>
<b>Profit/(Loss) before income tax</b>	884,163	(942,653)
<b>Income tax expense:</b>		
- Current year	(406,239)	(79,198)
- Prior year over provision	-	50,632
- Deferred tax (credit)/expense	9,341	(15,741)
- Foreign withholding tax	(120,233)	(284,088)
<b>Profit/(Loss) after income tax</b>	<u>367,032</u>	<u>(1,271,048)</u>
Other comprehensive income	-	-
<b>Total comprehensive income/(loss) for the year</b>	<u><u>367,032</u></u>	<u><u>(1,271,048)</u></u>

*Not Part Of Audited Financial Statements*