



**SBICAP (Singapore) Limited**  
**Registration Number: 201026168R**

**Annual Report**  
**Year ended 31 March 2019**

## **Directors' statement**

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2019.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS31 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 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, 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:

M Rajaram  
Dinesh Kumar Khara  
Venkatasubramanian Raja  
Umashanmukhi Sistla (Appointed on 30 November 2018)

## **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:

<b>Name of director and corporation in which interests are held</b>	<b>Holdings at beginning of the year/date of appointment</b>	<b>Holdings at end of the year</b>
<b>Dinesh Kumar Khara</b>		
State Bank of India – Ultimate Holding Company		
- Ordinary shares INR 1.00 each	3,100	3,100
SBI Capital Markets Limited – Immediate Holding Company		
- Ordinary shares INR 10.00 each (held as nominee of State Bank of India)	1	1

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
<b>Dinesh Kumar Khara</b>		
SBI Life Insurance Company Limited – Related Corporation		
- Ordinary shares INR 10.00 each (held as nominee of State Bank of India)	2	2
SBI Global Factors Ltd. – Related Corporation		
- Ordinary shares INR 10.00 each (held as nominee of State Bank of India)	1	1
<b>Venkatasubramanian Raja</b>		
State Bank of India – Ultimate Holding Company		
- Ordinary shares INR 1.00 each	800	800
SBI Life Insurance Company Limited – Related Corporation		
- Ordinary shares of INR 10.00 each		
- interest held	553	553
- deemed interests	273	273
<b>Umashanmukhi Sistla</b>		
SBI Capital Markets Limited – Immediate Holding Company		
- Ordinary shares INR 10.00 each (held as nominee of State Bank of India)	1	1
SBICAP Securities Limited – Related Corporation		
- Ordinary shares INR 10.00 each (held as nominee of SBI Capital Markets Limited)	1	1
SBICAP Trustee Company Limited – Related Corporation		
- Ordinary shares INR 10.00 each (held as nominee of SBI Capital Markets Limited)	20	20
SBICAP Ventures Limited – Related Corporation		
- Ordinary shares INR 10.00 each (held as nominee of SBI Capital Markets Limited)	1	1

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 date of appointment if later, 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 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.

### **Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept appointment.

On behalf of the Board of Directors

  

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**Venkatasubramanian Raja**  
*Director*

  

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**M Rajaram**  
*Director*

30 April 2019



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## **Independent auditors' report**

Member of the Company  
SBICAP (Singapore) Limited

### **Report on the audit of the financial statements**

#### *Opinion*

We have audited the financial statements of SBICAP (Singapore) Limited ('the Company'), which comprise the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS31.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2019 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 '*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 *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report.

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





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

*Responsibilities of management and directors for the financial statements*

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

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

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

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

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

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



- 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 controls 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.

**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**  
30 April 2019

**Statement of financial position**  
**As at 31 March 2019**

	Note	2019 S\$	2018 S\$
<b>Assets</b>			
Plant and equipment	4	3,146	669
Trade and other receivables	5	9,600	32,974
<b>Non-current assets</b>		<u>12,746</u>	<u>33,643</u>
Trade and other receivables	5	164,200	43,184
Cash and cash equivalents	6	11,540,581	12,002,141
<b>Current assets</b>		<u>11,704,781</u>	<u>12,045,325</u>
<b>Total assets</b>		<u>11,717,527</u>	<u>12,078,968</u>
<b>Equity</b>			
Share capital	7	13,000,000	13,000,000
Accumulated losses		<u>(1,391,838)</u>	<u>(1,053,665)</u>
<b>Total equity</b>		<u>11,608,162</u>	<u>11,946,335</u>
<b>Current liabilities</b>			
Other payables	8	109,365	132,633
<b>Total liabilities</b>		<u>109,365</u>	<u>132,633</u>
<b>Total equity and liabilities</b>		<u>11,717,527</u>	<u>12,078,968</u>

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



**Statement of comprehensive income**  
**Year ended 31 March 2019**

	Note	2019 S\$	2018 S\$
Revenue	9	111,761	447,508
Finance income	10	99,243	45,016
Net foreign exchange gain/(loss)		301,067	(369,818)
Impairment loss on financial assets		(1,460)	—
Operating expenses	11	(831,146)	(834,148)
<b>Loss before tax</b>		(320,535)	(711,442)
Tax expense	12	—	—
<b>Loss for the year</b>		(320,535)	(711,442)
Other comprehensive income, net of tax		—	—
<b>Total comprehensive income for the year</b>		(320,535)	(711,442)

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

**Statement of changes in equity**  
**Year ended 31 March 2019**

	<b>Share capital S\$</b>	<b>Accumulated losses S\$</b>	<b>Total S\$</b>
At 1 April 2017	13,000,000	(342,223)	12,657,777
Loss for the year	–	(711,442)	(711,442)
<b>Total comprehensive income for the year</b>	–	(711,442)	(711,442)
At 31 March 2018	13,000,000	(1,053,665)	11,946,335
At 1 April 2018, as previously stated	13,000,000	(1,053,665)	11,946,335
Adjustment on initial application of FRS 109, net of tax	–	(17,638)	(17,638)
At 1 April 2018, as restated	13,000,000	(1,071,303)	11,928,697
Loss for the year	–	(320,535)	(320,535)
<b>Total comprehensive income for the year</b>	–	(320,535)	(320,535)
At 31 March 2019	13,000,000	(1,391,838)	11,608,162

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

**Statement of cash flows**  
**Year ended 31 March 2019**

	Note	2019 S\$	2018 S\$
<b>Cash flows from operating activities</b>			
Loss for the year		(320,535)	(711,442)
Adjustments for:			
Depreciation of plant and equipment	4	3,286	2,726
Finance income	10	(99,243)	(45,016)
		<u>(416,492)</u>	<u>(753,732)</u>
Changes in:			
- Trade and other receivables	5	(97,349)	404,134
- Other payables	8	(23,268)	4,304
Tax paid		—	—
<b>Net cash used in operating activities</b>		<u>(537,109)</u>	<u>(345,294)</u>
<b>Cash flows from investing activities</b>			
Interest received		98,950	44,422
Acquisition of plant and equipment	4	(5,763)	(1,338)
<b>Net cash from investing activities</b>		<u>93,187</u>	<u>43,084</u>
<b>Net decrease in cash and cash equivalents</b>		(443,922)	(302,210)
Cash and cash equivalents at 1 April	6	12,002,141	12,304,351
Adjustments on initial application of FRS 109		(17,638)	—
<b>Cash and cash equivalents at 31 March</b>	6	<u>11,540,581</u>	<u>12,002,141</u>

The accompanying notes form 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 April 2019.

### **1 Domicile and activities**

SBICAP (Singapore) Limited (the “Company”) is incorporated in the Republic of Singapore and has its registered office at 9 Raffles Place, Level 32, Republic Plaza, Singapore 048619.

The principal activities of the Company are providing services relating to securities dealing.

On 30 November 2012, the Company obtained the Capital Markets Services Licence (the “CMSL”) under the Securities and Futures Act (the “SFA”) issued by the Monetary Authority of Singapore (the “MAS”) to conduct the regulated activity of dealing in securities as defined in the Second Schedule to the SFA.

The immediate holding company is SBI Capital Markets Limited, which is incorporated in India. The ultimate holding company is the State Bank of India, which is also incorporated in India.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

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

#### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

#### **2.3 Functional and presentation currency**

The financial statements are presented in Singapore dollars, which is the Company’s functional currency.

#### **2.4 Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSs 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 estimates are revised and in any future periods affected.

## **2.5 Changes in accounting policies**

The Company has applied the following FRSs for the first time for the annual period beginning on 1 April 2018:

- FRS 115 *Revenue from Contracts with Customers*; and
- FRS 109 *Financial Instruments*.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

### **FRS 115 *Revenue from Contracts with Customers***

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. Under FRS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted FRS 115 using the cumulative effect method to contracts that are not completed contracts at the date of initial application (i.e. 1 April 2018), with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2018 has not been affected – i.e. it is presented, as previously reported, under FRS 18 and related interpretations, as applicable. Additionally, the disclosure requirements in FRS 115 have not generally been applied to comparative information.

The adoption of FRS 115 did not have a material effect on the Company's statement of financial position.

### **FRS 109 *Financial Instruments***

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model.

As a result of the adoption of FRS 109, the Company has adopted consequential amendments to FRS 1 *Presentation of Financial Statements*, which require:

- impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under FRS 39, impairment was recognized when losses were incurred. The Company did not previously report any incurred losses; and
- impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under FRS 39, and not presented separately in the statement of comprehensive income due to materiality considerations.

Additionally, the Company has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of FRS 109 have been applied by the Company retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of FRS 109, but rather those of FRS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss (FVTPL).
  - The designation of certain investments in equity instruments not held for trading as at fair value through other comprehensive income (FVOCI).

The impact upon adoption of FRS 109, including the corresponding tax effects, are described below.

**(i) Classification and measurement of financial assets and financial liabilities**

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of FRS 109 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under FRS 109, see note 3.3.

The following tables and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting FRS 109 on the carrying amounts of financial asset at 1 April 2018 relates solely to the new impairment requirements.



	Note	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 S\$	New carrying amount under FRS 109 S\$
<b>Financial assets</b>					
Trade and other receivables*	5	Loans and receivables	Amortised cost	61,905	61,905
Cash and cash equivalents	6	Loans and receivables	Amortised cost	12,002,141	11,984,503
<b>Total financial assets</b>				<u>12,064,046</u>	<u>12,046,408</u>
<b>Financial liabilities</b>					
Other payables**	8	Other financial liabilities	Other financial liabilities	(111,683)	(111,683)
<b>Total financial liabilities</b>				<u>(111,683)</u>	<u>(111,683)</u>

\* Excludes prepayment and GST receivable

\*\* Excludes accrued employee related expenses

- a) Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortised cost. An increase of \$ 17,638 in the allowance for impairment over cash and cash equivalents was recognised in opening retained earnings of the Company at 1 April 2018 on transition to FRS 109.

**(ii) Impairment of financial assets**

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

Under FRS 109, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of FRS 109's impairment requirements at 1 April 2018 results in an additional allowance for impairment as follows.

	S\$
<b>Loss allowance at 31 March 2018 under FRS 39</b>	—
Additional impairment recognised at 1 April 2018 on:	
Cash and cash equivalents	17,638
Loss allowance at 1 April 2018 under FRS 109	<u>17,638</u>

The following table summarises the impact, net of tax, of transition to FRS 109 on the retained earnings.

	S\$
<b>Accumulated losses as at 31 March 2018 under FRS 39</b>	1,053,665
Recognition of expected credit losses under FRS 109	
Cash and cash equivalents	17,638
Retained earnings at 1 April 2018 under FRS 109	<u>1,071,303</u>

### **3 Significant accounting policies**

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

#### **3.1 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair values in foreign currencies are retranslated to the functional currency at foreign exchange rate at the date the fair values were determined.

Foreign currency differences arising on translation are recognised in profit or loss.

#### **3.2 Plant and equipment**

##### ***(i) Recognition and measurement***

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the plant and equipment, and is recognised in profit or loss.

##### ***(ii) Subsequent costs***

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

##### ***(iii) Depreciation***

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative period are as follows:

Computer hardware	2 years
Furniture	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

### **3.3 Financial instruments**

#### **(i) Recognition and initial measurement**

##### **Non-derivative financial assets and financial liabilities**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised on the date 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 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.

#### **(ii) Classification and subsequent measurement**

##### ***Non-derivative financial assets – Policy applicable from 1 April 2018***

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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.

##### **Debt investments at FVOCI**

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

### **Equity investments at FVOCI**

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

### **Financial assets at FVTPL**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **Financial assets: Business model assessment – Policy applicable from 1 April 2018**

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.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### **Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018**

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).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

***Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018***

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**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.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**Non-derivative financial assets – Policy applicable before 1 April 2018**

The Company classifies non-derivative financial assets as loans and receivables.

**Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018**

**Loans and receivables**

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables (excluding GST receivable and prepayments).

**Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

**(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 financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(v) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

**(vi) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**3.4 Impairment**

**(i) Non-derivative financial assets and contract assets - Policy applicable from 1 April 2018**

The Company recognises loss allowances for expected credit losses (“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

**Simplified approach**

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

**General approach**

The Company applies the general approach to provide for ECLs on all other financial instruments and FGCs. 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 Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

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.

### **Policy applicable before 1 April 2019**

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

### **Loans and receivables**

The Company considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

### **(ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories, contract assets and deferred tax 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. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. 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.

### **3.5 Revenue**

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Revenue is measured at the fair value of the consideration, received or receivable. Revenue is presented net of goods and services tax, rebates and discounts. Revenue comprises fee income from securities underwriting activities and brokerage income on the trades executed in secondary markets. Revenue is recognised when the services are rendered for the securities underwriting activities or when the trades are executed for the brokerage activities.

### **3.6 Finance income**

Finance income comprises interest income on cash and cash equivalents. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

### **3.7 Employee benefits**

#### ***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### ***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 or profit-sharing plans 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.

### **3.8 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 a business combination, or items recognised directly in equity or in other comprehensive income.

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.

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.

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 period, 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 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. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. 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.

### **3.9 Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### **Determining whether an arrangement contains a lease**

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of that specific asset or assets; and
- the arrangement contains a right to use the asset(s).



At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

### **3.10 New standards and interpretations not yet adopted**

New standard and amendment to standard is effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Company has not early applied the following new standard in preparing these statements.

#### **Applicable to 31 March 2020 financial statements**

##### **FRS 116 *Leases***

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases – Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted if FRS 115 is also applied.

The Company has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to note 14). Based on the preliminary assessment, the Company expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis is immaterial as compared to the total assets and total liabilities at the reporting date. Assuming no additional new operating leases in future years until the effective date, the Company expects the amount of ROU assets and lease liabilities to be lower as the lease terms run down.

As at 31 March 2019, the Company completed its assessment of the impact on these financial statements. The Company does not expect the impact on the financial statements to be significant. The Company plans to adopt the standard when it becomes effective in the financial year ended 31 March 2020.

#### 4 Plant and equipment

	Computer hardware S\$	Furniture S\$	Total S\$
<b>Cost</b>			
At 1 April 2017	45,204	16,702	61,906
Additions	1,338	—	1,338
At 31 March 2018	46,542	16,702	63,244
At 1 April 2018	46,542	16,702	63,244
Additions	4,173	1,590	5,763
At 31 March 2019	50,715	18,292	69,007
<b>Accumulated depreciation</b>			
At 1 April 2017	43,147	16,702	59,849
Depreciation for the year	2,726	—	2,726
At 31 March 2018	45,873	16,702	62,575
At 1 April 2018	45,873	16,702	62,575
Depreciation for the year	2,756	530	3,286
At 31 March 2019	48,629	17,232	65,861
<b>Carrying amounts</b>			
At 1 April 2018	2,057	—	2,057
At 31 March 2018	669	—	669
At 31 March 2019	2,086	1,060	3,146

#### 5 Trade and other receivables

	2019 S\$	2018 S\$
Amount due from immediate holding company (non-trade)	2,168	24,229
Trade receivables	112,541	—
Deposits	42,824	37,024
Accrued interest	945	652
GST receivable	4,322	4,753
Prepayments	11,000	9,500
	173,800	76,158
	2019 S\$	2018 S\$
Non-current	9,600	32,974
Current	164,200	43,184
	173,800	76,158

The non-trade amounts due from the immediate holding company are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from these outstanding balances as the ECL is not material.

***Credit and market risks***

The Company's exposure to credit and currency risks are disclosed in note 15.

**6 Cash and cash equivalents**

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Bank balance	4,659,679	5,239,647
Short-term time deposits	6,900,000	6,762,494
	<u>11,559,679</u>	<u>12,002,141</u>
Impairment loss on cash and cash equivalents recognised under FRS 109	(19,098)	—
Cash and cash equivalents as at 31 March	<u>11,540,581</u>	<u>12,002,141</u>

Cash at bank includes an amount of \$78,038 (2018: \$253,833) with a branch of the ultimate holding company.

Short-term time deposits are held with a branch of the ultimate holding company. The effective interest rate per annum ranged from 0.30% to 2.25 % (2018: 0.45% to 1.84%) and the deposits have a maturity ranging from 3 months to 6 months (2018: 3 months to 6 months).

**7 Share capital**

	<b>2019</b>	<b>2018</b>
	<b>No. of shares</b>	<b>No. of shares</b>
<b>Fully paid ordinary shares, with no par value:</b>		
In issue at 1 April and 31 March	<u>13,000,000</u>	<u>13,000,000</u>

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. All rights attached to the Company's shares held by the Company are suspended until those shares are reissued.

***Capital management***

The Company defines "capital" as including all components of equity plus any loans from its immediate holding company with no fixed terms of repayment. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Company as capital.

The Company's capital management policies are to diversify its sources of capital, to allocate capital efficiently, guided by the need to maintain a prudent relationship between available capital and the risks of its underlying businesses and to meet the expectations of key constituencies, including investors and regulators.

The capital management process, which is centrally supervised by senior management, includes periodic reviews of both the demand for and supply of capital. To maintain or adjust the capital structure, the Company may take certain actions like adjusting the amount of dividend payment and issuing new shares.

In obtaining the CMSL, the Company is also required to provide to MAS a Banker's Guarantee of S\$100,000 which will remain in force as long as the Capital Markets Services License remains valid.

As a CMSL holder, the Company is required to comply with applicable risk based capital adequacy requirements.

The Company has complied with the above regulatory requirements during the year.

There were no significant changes in the Company's approach to capital management during the year.

## 8 Other payables

	2019 S\$	2018 S\$
Amount due to immediate holding company (non-trade)	—	23,567
Other payables	15,756	11,316
Accrued employee related expenses	20,309	20,950
Accrued operating expenses	73,300	76,800
	<u>109,365</u>	<u>132,633</u>

The non-trade amount due to immediate holding company is unsecured, interest-free and repayable on demand.

### *Market and liquidity risks*

The Company's exposures to currency risk and to liquidity risk related to other payables are disclosed in note 15.

## 9 Revenue

	2019 S\$	2018 S\$
Revenue from underwriting services	<u>111,761</u>	<u>447,508</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

**Underwriting services**

<b>Nature of services</b>	The Company will enter into a subscription agreement with the bond issuer, agreeing to undertake subscription and payment of, or to procure subscribers for the bond. This subscription letter contains all terms and conditions agreed upon by both the issuers and the underwriters, including the management and underwriting commission to be earned by the company. In certain cases, the fee may be agreed in a separate Fee Letter. This fee income may be agreed as a flat fee, or a percentage of the total value of bonds underwritten.
<b>When revenue is recognised</b>	Revenue is recognised on the date of execution as agreed in the Subscription Agreement.
<b>Significant payment terms</b>	Due date for payment is due within 30 days of the date of invoice. The Company will recover late payment charges in case the payment is made after due date.

**10 Finance income**

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Interest income from banks	99,243	45,016

**11 Operating expenses**

The following items have been included in operating expenses:

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Salaries and related costs	322,968	350,447
Contributions to defined contribution plans	13,645	15,092
Operating lease expense	183,339	188,203
Depreciation of plant and equipment	3,286	2,726

**12 Tax expense**

*Tax recognised in profit or loss*

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
<b>Current tax expense</b>		
Current year	—	—
Adjustment for prior years	—	—

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
<b>Reconciliation of effective tax rate</b>		
Loss before tax	(320,535)	(711,442)
Tax calculated using Singapore tax rate of 17%	(54,491)	(120,945)
Non-deductible expenses	1,480	63,981
Income not subject to tax	(51,181)	—
Deferred tax assets not recognised	104,192	56,964
	—	—

Deferred tax assets have not been recognised in respect of the following items:

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Unutilised tax losses	1,545,627	932,732

The unutilised tax losses are subject to compliance with the Singapore Income Tax Act, Chapter 134 and agreement of the Comptroller of Income Tax. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the Company can utilise the benefits therefrom.

### **13 Significant related party transactions**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

#### **Key management personnel compensation**

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers directors of the Company to be the key management personnel of the Company. Remuneration paid to key management personnel included in staff costs is as follows:

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
Directors' remuneration comprised:		
- Short-term employee benefits	174,072	133,260
- Post-employment benefits (including CPF)	1,547	1,662



### Other related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out based on terms agreed between the parties:

	2019 S\$	2018 S\$
<b>Branch of the ultimate holding company</b>		
Bank expense	(2,595)	(2,812)
Interest income	99,243	45,016
<b>Immediate holding company</b>		
Refunds received on behalf	–	(23,567)
Funds paid on behalf	2,168	24,229
<b>Other related parties</b>		
Professional fees paid to Straits Law Practice (the legal firm where Mr. M Rajaram, Secretary and Director of the Company, is a Partner)	(1,455)	(3,358)

## 14 Operating leases

At 31 March, non-cancellable operating lease rentals are payable as follows:

	2019 S\$	2018 S\$
Within 1 year	85,404	143,275
Within 2 to 5 years	61,769	15,086
	<u>147,173</u>	<u>158,361</u>

The Company leases office and residential premises under operating lease. Lease terms do not contain restrictions on the Company activities concerning dividends, additional debt or entering into other leasing agreements. The lease contains renewal option at rental rates to be based on negotiations and prevailing market rates.

The existing office operating lease expires in April 2019 and the Company entered into a new lease, which will commence on 1 May 2019. The existing residential operating lease expires in October 2020.

## **15 Financial risk management**

### ***Overview***

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

- credit risk
- liquidity risk
- market risk
- currency risk
- interest rate risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

### **Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established 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 to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### **Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and debt investments.

The carrying amounts of financial assets represent the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets.

### ***Trade receivables***

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

Impairment on trade receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its trade receivables have low credit risk based on the external credit ratings of the counterparties.

***Cash and cash equivalents***

The Company held cash and cash equivalents of S\$11,540,581 at 31 March 2019 (2018: S\$12,002,141). The cash and cash equivalents are held with bank and financial institution counterparties which are rated AA to BBB-, based on *Standard & Poor* ratings.

***Expected credit loss assessment as at 1 April 2018 and 31 March 2019***

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Impairment on cash and cash equivalents 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.

***Movements in allowance for impairment in respect of cash and cash equivalents***

The movement in the allowance for impairment in respect of cash and cash equivalents during the year was as follows:

	<b>12-month ECL</b>
	<b>S\$</b>
At 1 April 2018 per FRS 39	—
Adjustment on initial application of FRS 109	17,638
At 1 April 2018 per FRS 109	17,638
Impairment loss recognised	1,460
At 31 March 2019 per FRS 109	19,098

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In addition, the Company maintains the following lines of credit:

- USD 25 million facility that is unsecured and can be drawn down to meet short-term financing needs. Interest would be payable on the basis of drawdown letter.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements

	Carrying amount S\$	Contractual cash flows	
		Total S\$	Within 1 year S\$
<b>31 March 2019</b>			
<b>Non-derivative financial liabilities</b>			
Other payables*	89,056	89,056	89,056
<b>31 March 2018</b>			
<b>Non-derivative financial liabilities</b>			
Other payables*	111,683	111,683	111,683

\*Excludes accrued employee related expenses

### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### **Currency risk**

The Company is exposed to foreign currency risks arising from the potential fluctuation in values of certain receivables due to changes in exchange rates as these are denominated in currencies other than Singapore dollars. The Company manages its currency risk by monitoring these assets to avoid undue exposure to such risk.

The Company's exposure to foreign currency risk was as follows based on notional amounts in Singapore Dollar equivalent.

	EUR S\$	USD S\$
<b>31 March 2019</b>		
Cash and cash equivalents	147,243	3,917,788
Trade and other receivables	—	112,541
Other payables	—	(9,296)
	<u>147,243</u>	<u>4,021,033</u>
<b>31 March 2018</b>		
Cash and cash equivalents	174,108	8,075,843
	<u>174,108</u>	<u>8,075,843</u>

*Sensitivity analysis*

A 10% strengthening of the Singapore dollar, as indicated below, against the above currencies at 31 March would have decreased profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>2019</b>	<b>2018</b>
	<b>S\$</b>	<b>S\$</b>
EUR	14,724	17,411
USD	402,103	807,584

A 10% weakening of Singapore dollar against the above currencies at 31 March 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.

***Interest rate risk***

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Surplus funds are placed with reputable banks. The Company currently has no loans or borrowings and therefore is not exposed to interest rate risk resulting from loans or borrowings.

The table below summarises interest-bearing assets at the reporting date. There are no interest-bearing liabilities at the reporting date.

	<b>Total</b>
	<b>S\$</b>
<b>31 March 2019</b>	
<b>Fixed rate financial asset</b>	
Fixed deposit with financial institution	<u>6,900,000</u>
<b>31 March 2018</b>	
<b>Fixed rate financial asset</b>	
Fixed deposit with financial institution	<u>6,762,494</u>

*Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate financial assets, a change in interest rates at the reporting date would not affect profit or loss and equity.

## 16 Accounting classifications of financial assets and liabilities

The carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Financial assets at amortised cost S\$	Other financial liabilities S\$	Total carrying amount S\$
<b>31 March 2019</b>				
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	6	11,540,581	—	11,540,581
Trade and other receivables*	5	158,478	—	158,478
		<u>11,699,059</u>	<u>—</u>	<u>11,699,059</u>
<b>Financial liabilities measured at fair value</b>				
Other payables**	8	<u>—</u>	<u>(89,056)</u>	<u>(89,056)</u>
<b>31 March 2018</b>				
<b>Financial assets</b>				
Cash and cash equivalents	6	12,002,141	—	12,002,141
Trade and other receivables*	5	61,905	—	61,905
		<u>12,064,046</u>	<u>—</u>	<u>12,064,046</u>
<b>Financial liabilities</b>				
Other payables**	8	<u>—</u>	<u>(111,683)</u>	<u>(111,683)</u>

\* Excludes prepayment and GST receivable

\*\* Excludes accrued employee related expenses