Company Registration No. 201905888D

SIS Henderson Holdings Pte. Ltd. and its subsidiaries

Annual Financial Statements
31 March 2020

SIS Henderson Holdings Pte. Ltd. and its subsidiaries

General information

Directors

Michael John Mckinnon
Lim Tommy
Uday Singh

Company Secretary

Lim Horng Ling

Registered Office

165 Bukit Merah Central
#06-3661
Singapore 150165

Auditor

Yap Pei Li & Co

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Directors' statement

The directors are pleased to present their report to the members together with the audited consolidated financial statements of SIS Henderson Holdings Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2020.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of comprehensive income, statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Group and financial performance and changes in equity of the Company for the year ended on that date; and

(ii) 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.

Directors

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

Michael John Mckinnon
Lim Tommy
Uday Singh

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose 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 or debentures of the Company or any other body corporate.

Director's interests in shares and debentures

(a) According to the Register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Company Act, Chapter 50 (the "Act"), none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director	
	At 01.04.2019	At 31.03.2020
The Company		
(No. of ordinary shares)		
Lim Tommy	675,558	675,558

Director's interests in shares and debentures – cont'd

(b) According to the Register of Director's shareholdings, no director holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted.

Options

No options were issued by the Company during the financial year. As at 31 March 2020, there were no options on the unissued shares of the Company which were outstanding.

Auditor

Yap Pei Li & Co have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Michael John Mckinnon
Director

Tommy Lim
Director

Singapore 27 APR 2020

Independent auditor's report to the member of SIS Henderson Holdings Pte. Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SIS Henderson Holdings Pte. Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity 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 consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act

YAP PEI LI & CO
Public Accountants and Chartered Accountants

Singapore:- 27 APR 2020

SIS Henderson Holdings Pte. Ltd. and its subsidiaries

Consolidated statement of comprehensive income
For the financial year ended 31 March 2020

	Note	Group 1/4/2019 to 31/3/2020 $	Group 22/2/2019 to 31/3/2019 $	Company 1/4/2019 to 31/3/2020 $	Company 22/2/2019 to 31/3/2019 $
Revenue	4	57,284,413	7,463,789	–	–
Other income	5	2,128,556	1,359,608	–	1,893,350
		59,412,969	8,823,397	–	1,893,350
Cost & expenses					
Employee benefits expense	6	(50,409,666)	(8,707,978)	–	–
Entertainment and refreshment		(304,242)	(67,995)	–	–
Insurance		(204,085)	(4,810)	–	–
Telephone expenses		(130,323)	(14,086)	–	–
Upkeep of Motor vehicles		(138,578)	(20,158)	–	–
Uniforms		(47,027)	(19,541)	–	–
Other operating expenses		(1,390,478)	(122,340)	(14,762)	(10,500)
Profit / (loss) from operations		6,788,570	(133,511)	(14,762)	1,882,850
Finance costs	6	(7,148)	(420)	–	–
Profit / (loss) before taxation	6	6,781,422	(133,931)	(14,762)	1,882,850
Taxation	7	(1,181,528)	(373,033)	2,510	1,785
Profit / (loss) for the year		5,599,894	(506,964)	(12,252)	1,884,635
Other comprehensive income		–	–	–	–
		5,599,894	(506,964)	(12,252)	1,884,635

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

SIS Henderson Holdings Pte. Ltd. and its subsidiaries

Consolidated statement of financial position
As at 31 March 2020

	Note	Group 2020	Group 2019	Company 2020	Company 2019
		$	$	$	$
ASSETS					
Non-current assets					
Property, plant and equipment	8	655,500	760,874	–	–
Deferred tax assets	9	73,443	77,975	2,066	1,785
Investment in subsidiaries	10	–	–	18,666,515	18,666,515
Total non-current assets		728,943	838,849	18,668,581	18,668,300
Current assets					
Trade receivables	11	14,744,220	14,477,304	–	–
Other receivables, deposits and prepayments	12	267,266	256,416	118,014	115,785
Amount due from a subsidiary	13	–	–	–	1,893,350
Cash and cash equivalents	14	12,036,973	8,470,507	–	–
Total current assets		27,048,459	23,204,227	118,014	2,009,135
Total assets		27,777,402	24,043,076	18,786,595	20,677,435
EQUITY AND LIABILITIES					
Non-current liabilities					
Lease liabilities	17	114,914	–	–	–
Obligation under finance lease	17	–	14,582	–	–
Deferred tax liabilities	9	61,630	53,187	–	–
Total non-current liabilities		176,544	67,769	–	–
Current liabilities					
Trade payables	15	154,015	91,215	–	–
Other payables and accruals	16	4,054,153	6,176,630	12,150	1,903,850
Amount due to a subsidiary	13	–	–	13,112	–
Lease liabilities	17	167,432	–	–	–
Obligation under finance lease	17	–	82,460	–	–
Income tax payable		1,245,974	1,243,016	–	–
Total current liabilities		5,621,574	7,593,321	25,262	1,903,850
Total liabilities		5,798,118	7,661,090	25,262	1,903,850
Net assets		21,979,284	16,381,986	18,761,333	18,773,585
Equity of the Company					
Share capital	20	16,888,950	16,888,950	16,888,950	16,888,950
Retained earnings		5,090,334	(506,964)	1,872,383	1,884,635
Total equity		21,979,284	16,381,986	18,761,333	18,773,585
Total equity and liabilities		27,777,402	24,043,076	18,786,595	20,677,435

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

SIS Henderson Holdings Pte. Ltd. and its subsidiaries

Statement of changes in equity
For the financial year ended 31 March 2020

	Share capital (Note 20)	Retained earnings/ (Accumulated losses)	Total
	$	$	$
Group			
Balance at 1 April 2019	16,888,950	(506,964)	16,381,986
Effect of adopting *FRS116 Leases*	–	(2,596)	(2,596)
At 1 April 2019 (restated)	16,888,950	(509,560)	16,379,390
Total comprehensive income for the year	–	5,599,894	5,599,894
Balance at 31 March 2020	16,888,950	5,090,334	21,979,284
Balance at 22 February 2019 (date of incorporation)	–	–	–
Issuance of shares	16,888,950	–	16,888,950
Total comprehensive income for the period	–	(506,964)	(506,964)
Balance at 31 March 2019	16,888,950	(506,964)	16,381,986
Company			
Balance at 1 April 2019	16,888,950	1,884,635	18,773,585
Total comprehensive income for the period	–	(12,252)	(12,252)
Balance at 31 March 2020	16,888,950	1,872,383	18,761,333
Balance at 22 February 2019 (date of incorporation)	–	–	–
Issuance of shares	16,888,950	–	16,888,950
Total comprehensive income for the period	–	1,884,635	1,884,635
Balance at 31 March 2019	16,888,950	1,884,635	18,773,585

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

SIS Henderson Holdings Pte. Ltd. and its subsidiaries

Consolidated statement of cash flows
For the financial year ended 31 March 2020

	Note	1.4.2019 to 31.3.2020	22.2.2019 To 31.3.2019
		$	$
Operating activities:			
Profit / (loss) before tax		6,781,422	(133,931)
Adjustments for:			
Depreciation of plant and equipment		521,711	53,437
Interest expense		7,148	420
Interest received		(2,540)	–
Provision of impairment of trade receivables		42,036	2,978
Operating cash flows before changes in working capital		7,349,777	(77,096)
Changes in working capital:			
Trade receivables		(305,974)	(641,044)
Other receivables, deposits and prepayments		(10,850)	750,168
Trade payables		62,800	(50,113)
Other payables and accruals		(2,122,477)	(7,149,349)
Cash flows used in operations		4,973,276	(7,167,434)
Income taxes paid		(1,202,909)	(211,299)
Net cash generated from/ (used) in operating activities		3,770,367	(7,378,733)
Investing activities:			
Purchase of property, plant and equipment		(384,597)	(7,849)
Proceed of property, plant and equipment		–	115,830
Net cash inflow from acquisition	10	–	15,775,753
Net cash flows used in investing activities		(384,597)	15,883,734
Financing activities:			
Repayment of obligation under finance lease		185,304	(34,074)
Interest received		2,540	–
Interest paid		(7,148)	(420)
Net cash flows from / (used) in financing activities		180,696	(34,494)
Net increase in cash and cash equivalents		3,566,466	8,470,507
Cash and cash equivalents at beginning of financial year (Note 14)		8,470,507	–
Cash and cash equivalents at end of financial year (Note 14)		12,036,973	8,470,507

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

1. Corporate information

SIS Henderson Holdings Pte. Ltd. ("the Company") is a private limited liability company incorporated and domiciled in Singapore.

The registered office of the Company is located at 165 Bukit Merah Central, #06-3661 Singapore 150165. The immediate and ultimate holding company is Intelligence Services (India) Limited, which is incorporated in India.

The principal activities of the Company are investment holding.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS").

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

The financial statements are presented in Singapore Dollars ("$").

2.2 FRS and INT FRS Issued But Not Effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to *References to the Conceptual Framework in FRS Standards*	1 January 2020
Amendments to *FRS 1* and *FRS 8 Definition of Material*	1 January 2020
Amendments to *FRS 110* and *FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

2. Summary of significant accounting policies (cont'd)

2.3 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 April 2019. Except for the adoption of FRS 116 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

FRS 116 Leases

FRS 116 supersedes FRS 17 Leases, 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Group adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The effect of adopting FRS 116 as at 1 April 2019 was as follows:

	Increase/(decrease) $
Property, plant and equipment	31,740
Lease liability	34,335
Retained earnings	(2,596)

The Group has lease contracts for buildings and motor vehicles. Before the adoption of FRS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 April 2019 is disclosed in Note 2.16.

Upon adoption of FRS 116, the group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 2.16. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

2. Summary of significant accounting policies (cont'd)

2.3 Adoption of new and amended standards and interpretations (cont'd)

FRS 116 Leases (cont'd)

(a) Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under FRS 17). The requirements of FRS 116 were applied to these leases from 1 April 2019.

(b) Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:

- right-of-use assets of $292,622 were recognised and presented within property, plant and equipment.
- additional lease liabilities of $34,335 were recognised;

2. Summary of significant accounting policies (cont'd)

2.3 Adoption of new and amended standards and interpretations (cont'd)

FRS 116 Leases (cont'd)

(b) Leases previously accounted for as operating leases (cont'd)

- the net effect of these adjustments of $2,596 had been adjusted to retained earnings. Comparative information is not restated.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	$
Operating lease commitments as at 31 March 2019	240,900
Commitments relating to short-term leases	(204,500)
	36,400
Weighted average incremental borrowing rate as at 1 April 2019	5.27%
Discounted operating lease commitments as at 1 April 2019	34,335
Add:	
Commitments relating to leases previously classified as finance leases	97,042
Lease liabilities as at 1 April 2019	131,377

2.4 *Functional and foreign currency*

The Group's consolidated financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (cont'd)

2.4 *Functional and foreign currency (cont'd)*

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.5 *Basis of consolidation and business combinations*

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.5 *Basis of consolidation and business combinations – cont'd*

(a) Basis of consolidation – cont'd

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

2. Summary of significant accounting policies (cont'd)

2.5 *Basis of consolidation and business combinations – cont'd*

(b) Business combinations – cont'd

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.14. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

	Years
Leasehold buildings	Over the remaining lease period
Motor vehicles	5 to 10
Office equipment	3
Security equipment	3
Renovation	3

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (cont'd)*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.7 *Financial instruments*

(i) Financial assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are :

(a) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.7 *Financial instruments (cont’d)*

(i) Financial assets (cont’d)

Subsequent measurement (cont’d)

Investments in debt instruments (cont’d)

(b) Fair value through other comprehensive income (FVOCI)

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

(c) Fair value through profit or loss

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

Investments in equity instruments

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

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair values of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 *Financial instruments (cont'd)*

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

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

Derecognition

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

2.8 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected overt the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL)

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of financial assets (cont'd)*

default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this cas, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2.10 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.11 *Subsidiaries*

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

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

2. Summary of significant accounting policies (cont'd)

2.12 *Provisions*

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 *Government grants*

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

2.14 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 *Employee benefits*

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.15 *Employee benefits (cont'd)*

(b) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and arc 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 Group 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.

(c) *Employment leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability is recognised for services rendered by employees up to the balance sheet date.

2.16 *Leases*

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

2. Summary of significant accounting policies (cont'd)

2.16 *Lease (cont'd)*

(a) As lessee (cont'd)

Right-of-use assets (cont'd)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

The Group's right-of-use assets are presented within property, plant and equipment (Note 8).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office rental and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment and motor vehicles that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

2.16 *Lease (cont'd)*

(b) As lessor

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

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

The accounting policy applicable to the Group as a lessor in the comparative period was the same as under FRS 116.

2. Summary of significant accounting policies (cont'd)

2.17 *Revenue*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation bytransferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective volume rebates based on the aggregate sales over a period of time.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated volume rebates and adjusted for expected returns. Based on the group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected volume rebates payable to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjust them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Company also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

2. Summary of significant accounting policies (cont'd)

2.17 *Revenue (cont'd)*

(a) *Rendering of services*

The Group renders security services and other support activities like management and maintenance of land, buildings and other properties. Revenue from the provision of package services is recognised upon completion of the series of distinct services rendered over time. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold in a package.

(b) Interest income

Interest income is recognised on accrual basis (using effective interest method).

2.18 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.18 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales 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.

2. Summary of significant accounting policies (cont'd)

2.19 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made in applying accounting policies

Management is of opinion that instances of application of judgement, will not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

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

3. Significant accounting judgements and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their respective estimated useful lives as stated in Note 2.6. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The carrying amount of the Group's plant and equipment as at 31 March 2020 is $655,500 (2019: $760,874). Changes in the expected level of usage and technological developments could impact the economic useful lives; therefore future depreciation charges could be revised.

Impairment of non-financial assets

The Group assesses impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets requires assessment as to whether the carrying amount of assets exceeds the recoverable amount. Recoverable amount is defined as the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. The Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

Forecasts of future cash flows are based on the Group's estimates using historical and industry trends, general market and economic conditions, changes in technology and other available information.

4. Revenue

	Group		Company	
	1.4.2019 to 31.3.2020	**22.2.2019 to 31.3.2019**	**1.4.2019 To 31.3.2020**	**22.2.2019 to 31.3.2019**
	$	$	$	$
Security services	44,670,727	5,563,141	–	–
Facility management services	8,421,878	1,389,877	–	–
Other services	4,191,808	510,771	–	–
	57,284,413	7,463,789	–	–
Timing of transfer of good or service				
Over the period of time:				
Security services	44,670,727	5,563,141	–	–
Facility management services	8,421,878	1,389,877	–	–
Other services	4,191,808	510,771	–	–
	57,284,413	7,463,789	–	–

5. Other income

	Group		Company	
	1.4.2019 to 31.3.2020	**22.2.2019 to 31.3.2019**	**1.4.2019 to 31.3.2020**	**22.2.2019 to 31.3.2019**
	$	$	$	$
Special employment credit	985,655	499,704	–	–
Wages credit scheme	678,391	857,363	–	–
IGP fund	275,000	–	–	–
SDF grant	186,628	–	–	–
Dividend	–	–	–	1,893,350
Interest income	2,540	–	–	–
Others	342	2,541	–	–
	2,128,556	1,359,608	–	1,893,350

6. Profit before taxation

	Group		Company	
	1.4.2019 to 31.3.2020	**22.2.2019 to 31.3.2019**	**1.4.2019 to 31.3.2020**	**22.2.2019 to 31.3.2019**
	$	$	$	$
Employee benefit expenses				
Course and training fees	320,847	19,096	–	–
Employer's CPF and contribution	4,427,678	793,217	–	–
Directors' remuneration (including CPF)	315,867	77,480	–	–
Foreign worker levy	2,530,127	433,016	–	–
Medical expenses	39,631	40,090	–	–
Staff salaries	42,666,607	7,337,768	–	–
Staff benefits	108,909	7,311	–	–
	50,409,666	8,707,978	–	–
Operating expenses				
Impairment loss on trade receivables	42,035	2,978	–	–
Purchases of stock-in-trade	295,375	2,391		
Depreciation	521,711	53,437	–	–
Lease expense	269,123	27,800	–	–
	1,128,244	86,606	–	–
Finance costs				
Interest on lease liabilities	7,148	–	–	
Interest on finance lease obligations	–	420	–	–
	7,148	420	–	–

7. Income tax expense

Major components of income tax expense/(credit)

The major components of income tax expense/credit for the financial period ended 31 March was:

	Group		Company	
	1.4.2019 to 31.3.2020	**22.2.2019 to 31.3.2019**	**1.4.2019 to 31.3.2020**	**22.2.2019 to 31.3.2019**
	$	$	$	$
Current income tax:				
- Current taxation	1,168,554	–	–	–
- Under provision in respect of previous year	–	397,821	–	–
	1,168,554	397,821	–	–
Deferred income tax:				
- origination and reversal of temporary differences	12,974	(24,788)	(281)	(1,785)
- under provision in respect of previous period	–	–	–	–
- others	–	–	(2,229)	–
Income tax recognised in statement of comprehensive income	1,181,528	373,033	(2,510)	(1,785)

Relationship between tax expense/(credit) and accounting loss

A reconciliation between tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate are as follows:

	Group		Company	
	1.4.2019 to 31.3.2020	**22.2.2019 to 31.3.2019**	**1.4.2019 to 31.3.2020**	**22.2.2019 to 31.3.2019**
	$	$	$	$
Profit / (loss) before tax	6,781,422	(133,931)	(14,762)	1,882,850
Taxation at statutory tax rate of 17% (2019: 17%)	1,152,842	(22,768)	(2,510)	320,085
Non-deductible expenses	28,686	9,084	–	–
Income not subject to taxation	–	–	–	(321,870)
Under provision in respect of previous year	–	397,821	–	–
Others	–	(11,104)	–	–
	1,181,528	373,033	(2,510)	(1,785)

8. Property, plant and equipment

	Leasehold buildings	Motor vehicle	Office equipment	Security equipment	Renovation	Total
	$	$	$	$	$	$
Group						
Cost:						
At 22 February 2019	–	1,244,198	575,315	1,063,734	759,900	3,643,147
Additions	–	–	–	7,849	–	7,849
Disposals	–	(224,188)	–	–	–	(224,188)
At 31 March 2019	–	1,020,010	575,315	1,071,583	759,900	3,426,808
At 1 April 2019	–	1,020,010	575,315	1,071,583	759,900	3,426,808
Effect of adopting FRS 116	43,947	–	–	–	–	43,947
At 1 April 2019 (restated)	43,947	1,020,010	575,315	1,071,583	759,900	3,470,755
Additions	43,947	–	32,392	304,893	3,365	384,597
At 31 March 2020	87,894	1,020,010	607,707	1,376,476	763,265	3,855,352
Accumulated depreciation and impairment:						
At 22 February 2019	–	703,993	536,283	881,192	599,387	2,720,855
Depreciation charge for the year	–	14,541	2,683	22,939	13,274	53,437
Disposals	–	(108,358)	–	–	–	(108,358)
At 31 March 2019	–	610,176	538,966	904,131	612,661	2,665,934
At 1 April 2019	–	610,176	538,966	904,131	612,661	2,665,934
Effect of adopting FRS 116	12,207	–	–	–	–	12,207
At 1 April 2019 (restated)	12,207	610,176	538,966	904,131	612,661	2,678,141
Depreciation charge for the year	18,311	149,305	28,261	183,957	141,877	521,711
At 31 March 2020	30,518	759,481	567,227	1,088,088	754,538	3,199,852
Net carrying amount:						
At 31 March 2019	–	409,834	36,349	167,452	147,239	760,874
At 31 March 2020	57,376	260,529	40,480	288,388	8,727	655,500

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18(a).

9. Deferred tax

(i) *Deferred tax assets*

Deferred tax assets as at 31 March relates to the following:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	$	$	$
Excess of tax written down values over net book values of other provisions:				
- Accrual and others	2,066	3,354	2,066	1,785
- Allowance for doubtful debts	20,835	14,990	–	–
- Employee benefit	50,542	59,631	–	–
	73,443	77,975	2,066	1,785

(ii) *Deferred tax liabilities*

Deferred tax liabilities as at 31 March relates to the following:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Excess of net book values over tax written down values of plant and equipment	61,630	53,187	–	–

10. Investments in subsidiaries

	Company	
	2020	**2019**
	$	$
Unquoted shares at cost	18,666,515	18,666,515

10. Investments in subsidiaries – cont'd

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost 2020	Cost 2019	Percentage of equity held 2020	Percentage of equity held 2019
			$	$	%	%
#	Henderson Security Services Pte. Ltd. (Singapore)	Providing security services and other support activities necessary, like management and maintenance of land, buildings and other properties (Singapore)	16,347,505	16,347,505	100	100
#	Henderson Technologies Pte. Ltd. (Singapore)	Installation of fire protection and security alarm systems (Singapore)	2,319,010	2,319,010	100	100
			18,666,515	18,666,515		

Audited by Yap Pei Li & Co, Singapore

Acquisition of Henderson Security Services Pte. Ltd. ("HSSPL) and Henderson Technologies Pte Ltd ("HTPL")

On 22 February 2019, the Group acquired the entire equity interest in HSSPL and HTPL, a provider of security services in Singapore. Upon the acquisition, HSSPL and HTPL became a wholly-owned subsidiary of the Group.

The fair value of identifiable assets and liabilities and the effects of the acquisition of HSSPL and HTPL as at the date of acquisition were:

	Fair value recognised on acquisition HSSPL	HTPL	Total
	$	$	$
Plant and equipment	749,458	172,834	922,292
Trade and other receivables	13,214,738	1,515,299	14,730,037
Cash and cash equivalents	14,817,740	958,013	15,775,753
Net current assets	28,781,936	2,646,146	31,428,082

10. Investments in subsidiaries – cont'd

	Fair vale recognised on acquisition		
	HSSPL	**HTPL**	**Total**
	$	$	$
Trade and other payables	(11,309,430)	(264,526)	(11,573,956)
Income tax payables	(983,139)	(22,280)	(1,005,419)
Obligation under finance lease	(90,787)	(40,330)	(131,117)
Deferred tax liabilites	(51,075)	–	(51,075)
Net non-current assets	(12,434,431)	(327,136)	(12,761,567)
Total idenfifiable net assets at fair value	16,347,505	2,319,010	18,666,605
Consideration transferred for the acquisitions			
Transferred of shares	16,347,505	2,319,010	18,666,605
Total consideration transferred	16,347,505	2,319,010	18,666,605
Effect of acquisition on cash flows			
Total consideration for equity interest acquired	16,347,505	2,319,010	18,666,605
Less: non-cash consideration	(16,347,505)	(2,319,010)	(18,666,605)
Consideration settled in cash	–	–	–
Less: Cash and cash equivalents of subsidiaries acquired	14,817,740	958,013	15,775,753
Net cash inflow on acquisition	14,817,740	958,013	15,775,753

11. Trade receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	$	$	$
Trade receivables – third parties	14,744,220	14,477,304	–	–

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11. Trade receivables – cont'd

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	$	$	$
Trade receivables are stated after deducting provision of impairment loss of trade receivables	40,603	2,978	–	–
Movement in allowance account:				
Balance at beginning of the year	2,978	–	–	–
Charge to income statement	42,035	2,978	–	–
Write off	(4,410)	–	–	–
Balance at end of the year	40,603	2,978	–	–

Trade receivables that are past due but not impaired

The Group have trade receivables amounting to approximately $9,726,954 (2019: $9,251,993) that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	$	$	$
Trade receivables past due:				
30 to 90 days	7,791,145	7,830,099	–	–
More than 90 days	1,935,809	1,421,894	–	–
	9,726,954	9,251,993	–	–

12. Other receivables, deposits and prepayments

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	$	$	$
Prepayments	48,886	55,614	–	–
Deposits	93,055	65,487	–	–
Other receivables	9,540	19,530	2,229	–
Amounts due from shareholders	115,785	115,785	115,785	115,785
	267,266	256,416	118,014	115,785

Amounts due from shareholders are non-trade in nature, unsecured, interest-free and repayable on demand.

13. Amount due from / (to) a subsidiary

The amounts due from / (to) a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

14. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Cash at bank	11,465,673	7,844,135	–	–
Deposit pledge with bank*	185,611	241,065		
Fixed deposit	385,690	385,307	–	–
	12,036,974	8,470,507	–	–

Pledge as security against guarantees issued by bank.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

15. Trade payables

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade payable – third parties	154,015	91,215	–	–

Trade payables are normally settled on 30 to 60 days term.

16. Other payables and accruals

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Accruals	3,064,574	3,325,620	12,150	10,500
GST payables	989,579	957,660	–	–
Amounts due to a shareholder	–	1,893,350	–	1,893,350
	4,054,153	6,176,630	12,150	1,903,850

Other payables are non-interest bearing and are normally settled on 30 to 60 days term.

The amounts due to a shareholder who is also a director of the Company are non-trade in nature, unsecured, interest-free and repayable on demand.

17. Lease liabilities

	Group 2020	Group 2019
	$	$
Current:		
Obligation under finance lease	–	82,460
Lease liabilities	167,432	–
	167,432	82,460
Non-current:		
Obligation under finance lease	–	14,582
Lease liabilities	114,914	–
	282,346	97,042

A reconciliation of liabilities arising from financing activities is as follows:

	2020		2019	
	Minimum lease payments	**Present value of payments**	**Minimum lease payments**	**Present value of payments**
	$	$	$	$
Group				
Not later than 1 year	180,076	167,432	86,604	82,460
Later than 1 year but not later than 5 years	117,700	114,914	16,233	14,582
Total minimum lease payments	297,776	282,346	102,837	97,042
Less: Amounts representing finance charges	(15,430)	–	(5,795)	–
Present value of minimum lease payments	282,346	282,346	97,042	97,042

18. Leases

Group as a lessee

The Group has lease contracts for leasehold buildings, equipment and motor vehicles. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of apartment for staff accommodation with lease terms of 12 months or less and leases of motor vehicles with low value. The group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Leasehold buildings	**Security equipment**	**Total**
	$	$	$
At 1 April 2019	75,687	216,935	292,622
Depreciation	(18,311)	(27,117)	(45,428)
At 31 March 2020	57,376	189,818	247,194

The carrying amounts of lease liabilities are disclosed in note 17.

18. Leases (cont'd)

Group as a lessee (cont'd)

(b) Amounts recognised in profit or loss

	Group 2020 $
Depreciation of right of use assets	45,428
Interest expense on lease liabilities (Note 6)	7,148
Lease expenses not capitalised in lease liabilities:	
- Expense relating to short-term leases	268,933
- Expense relating to leases of low-value assets (included in other operating expenses)	190
Total (Note 6)	269,123
Total amount recognised in profit or loss	321,699

19. Commitments

(a) Operating lease commitments – as lessee

The Group entered into commercial leases relating to the rental of office premises and equipment.

As at 31 March 2019, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	Group 2019 $
Not later than 1 year	181,800
Later than 1 year but not later than 5 years	59,100
	240,900

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2019 amounted to $27,800.

As disclosed in Note 2.3, the Group has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 March 2020, except for short-term and low-value leases.

19. Commitments (cont'd)

(b) Finance lease commitments – as lessee

As at 31 March 2019, the group leases its motor vehicles under finance leases.

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

	2019	
	Minimum lease payments	Present value of payments
	$	$
Group		
Not later than 1 year	86,604	82,460
Later than 1 year but not later than 5 years	16,233	14,582
Total minimum lease payments	102,837	97,042
Less: Amounts representing finance charges	(5,795)	–
Present value of minimum lease payments	97,042	97,042

Obligations under finance leases were reclassified to lease liabilities on 1 April 2019 arising from the adoption of FRS 116. The impact of adoption is disclosed in Note 2.3.

20. Share capital

	Group and Company	
	2020	2019
	$	$
Issued and fully paid:		
At 31 March		
1,688,895 (2019: 1,688,895) ordinary shares	16,888,950	16,888,950

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

21. Related party transactions

Sale and purchase of goods

In addition to those related party information disclosed elsewhere in the financial statements, the Group had the following transactions with related parties, on terms agreed between the respective parties:

	2020	2019
	$	$
Other related company		
Office rental	83,600	7,500

22. Financial instruments

(a) ***Classification of financial instruments***

		Group		Company	
	Note	2020	2019	2020	2019
		$	$	$	$
Trade receivables	11	14,744,220	14,477,304	–	–
Other receivables, deposits and prepayments	12	267,266	256,416	118,014	115,785
Amount due from a subsidiary	13	–	–	–	1,893,350
Cash and cash equivalents	14	12,036,973	8,470,507	–	–
Total loans and receivables		27,048,459	23,204,227	118,014	2,009,135
Trade payables	15	154,015	91,215	–	–
Other payables and accruals	16	4,054,153	6,176,630	12,150	1,903,850
Amount due to a subsidiary	13	–	–	13,112	–
Lease liabilities	17	282,346	–	–	
Obligation under finance lease	17	–	97,042	–	–
Total financial liabilities carried at amortised cost		4,490,514	6,364,887	25,262	1,903,850

(b) ***Fair values***

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of trade receivables, other receivables, deposits and prepayment, amount due from a subsidiary, cash and cash equivalents, trade payables, other payables and accruals, and obligation under finance leases, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

23. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments comprise obligation under finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The key financial risks include credit risk and liquidity risk.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) *Credit risk*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors.

23. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating.
- External credit rating.
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor.
- A breach of contract, such as a default or past due event.
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

For trade receivables, the Group has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

23. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that Group will encounter difficulty in meeting financial obligations due to shortage of funds. Liquidity risk arises in the general funding of the Group's business activities. It includes the risks of not being able to fund business activities at settlement dates and liquidate positions in a timely manner at a reasonable price.

The management manages the liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's business operations and development activities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	2020					
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	$	$	$	$	$	$
The Group						
Financial liabilities:						
Trade payables	154,015	–	–	–	–	154,015
Other payables and accruals	4,054,153	–	–	–	–	4,054,153
Lease liabilities	–	45,341	134,735	117,700	–	297,776
Total undiscounted financial liabilities	4,208,168	45,341	134,735	117,700	–	4,505,944

	2019					
	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	$	$	$	$	$	$
The Group						
Financial liabilities:						
Trade payables	91,215	–	–	–	–	91,215
Other payables and accruals	6,176,630	–	–	–	–	6,176,630
Obligation under finance leases	–	22,572	64,032	16,233	–	102,837
Total undiscounted financial liabilities	6,267,845	22,572	64,032	16,233	–	6,370,682

23. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	2020					
	On Demand $	Less than 3 months $	3 to 12 months $	1 to 5 years $	> 5 years $	Total $
The Company						
Financial liabilities:						
Other payables and accruals	12,150	–	–	–	–	12,150
Amount due to a subsidiary	13,112	–	–	–	–	13,112
Total undiscounted financial liabilities	25,262	–	–	–	–	25,262

	2019					
	On Demand $	Less than 3 months $	3 to 12 months $	1 to 5 years $	> 5 years $	Total $
The Company						
Financial liabilities:						
Other payables and accruals	1,903,850	–	–	–	–	1,903,850
Total undiscounted financial liabilities	1,903,850	–	–	–	–	1,903,850

24. Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate amount of capital in order to support its business and maximise shareholder value. The capital managed is defined as the total equity and liabilities of the Group.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the return to shareholders, funding through the financial support of shareholders or obtain credit facilities from the financial institutions. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2019 and 31 March 2020.

25. Comparative figures

The audited comparative figures presented in the financial statements for the financial year ended 31 March 2019 are not entirely comparable as they cover the period since incorporation on 22 February 2019 to 31 March 2019.

26. Authorisation of financial statements for issue

The financial statements for the period ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 27 April 2020.