Company Registration No. 200617079Z

UTI International (Singapore) Private Limited

Special Purpose Financial Statements
31 March 2020

Building a better
working world

UTI International (Singapore) Private Limited

General information

Directors

Imtaiyazur Rahman
Praveen Jagwani
Tan Woon Hum
Fatima Khellafi
Mark Tennant

Company Secretary

Ng Puay Chye (Huang Peicai)

Registered Office

3 Raffles Place
#08-02
Bharat Building
Singapore 048617

Auditor

Ernst & Young LLP

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UTI International (Singapore) Private Limited

Directors' statement

The directors are pleased to present to the member the audited financial statements of UTI International (Singapore) Private Limited (the "Company"), prepared in accordance to the International Financial Reporting Standards, for the financial year ended 31 March 2020.

Opinion of the directors

In the opinion of the directors,

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

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Imtaiyazur Rahman
Director

Praveen Jagwani
Director

Singapore
15 April 2020

Independent auditor's report to the member of UTI International (Singapore) Private Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of UTI International (Singapore) Private Limited (the Company), which comprise the balance sheet as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with the provisions of the International Financial Reporting Standards (IFRSs).

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 other information which comprises the general information and directors' statement.

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 and fair presentation of the financial statements in accordance with the provisions of the IFRSs, 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.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.

Basis of accounting and restriction on distribution

Without modifying our opinion, we draw attention to Note 2.1 to the financial statements, which describes the basis of accounting. These financial statements are prepared for the purpose of reporting to the Company's Head Office. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and its Head Office, and should not be distributed to other parties.

Other matter

For the purpose of statutory filing with Accounting and Corporate Regulatory Authority of Singapore, the Company has prepared a separate set of financial statements for the financial year ended 31 March 2020 in accordance with Singapore Financial Reporting Standards on which we issued a separate auditor's report dated the same.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

15 April 2020

UTI International (Singapore) Private Limited

Statement of comprehensive income
For the financial year ended 31 March 2020

	Note	2020 S$	2019 S$
Revenue	3	10,409,686	9,615,607
Net (losses)/gains on financial assets at fair value through profit or loss		(906,238)	192,091
Net operating income		9,503,448	9,807,698
Expenses			
Salaries and other related expenses	4	3,880,374	3,831,875
Depreciation	7	11,477	6,407
Other operating expenses	5	6,456,313	5,657,031
Total expenses		10,348,164	9,495,313
(Loss)/profit before taxation		(844,716)	312,385
Tax (expense)/credit	6	(70,030)	4,233
Total comprehensive income for the year		(914,746)	316,618

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

UTI International (Singapore) Private Limited

Balance sheet
As at 31 March 2020

	Note	2020 S$	2019 S$
Non-current assets			
Property, plant and equipment	7	24,960	20,680
Investment securities	8	4,675,812	5,394,757
Deferred tax asset	15	165,473	126,934
		4,866,245	5,542,371
Current assets			
Trade debtors	13	3,086,835	2,127,092
Sundry debtors, prepayments and deposits	9	545,995	436,228
Cash and cash equivalents	10	6,245,307	7,092,027
		9,878,137	9,655,347
Current liabilities			
Accruals and other liabilities	11	2,858,139	2,551,643
Amounts owing to holding company	14	376,019	251,460
Amounts owing to ultimate holding company	14	175,097	118,677
Income tax payable	6	34,935	61,000
		3,444,190	2,982,780
Net current assets		6,433,947	6,672,567
Net assets		11,300,192	12,214,938
Equity			
Share capital	12	6,000,000	6,000,000
Retained earnings		5,300,192	6,214,938
		11,300,192	12,214,938

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

UTI International (Singapore) Private Limited

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

	Note	2020 S$	2019 S$
Share capital			
Balance at beginning and end of year	12	6,000,000	6,000,000
Retained earnings			
Balance as at 31 Mar 2018		–	5,490,703
Impact of adopting IFRS 9		–	372,617
Restated opening balance under IFRS 9 as at beginning of year		–	5,863,320
Prior year adjustment		–	35,000
Profit for the year		–	316,618
Balance as at 31 Mar 2019		–	6,214,938
Balance as at 1 Apr 2019		6,214,938	–
Losses for the year		(914,746)	–
Balance as at 31 Mar 2020		5,300,192	–
Total equity		11,300,192	12,214,938

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

UTI International (Singapore) Private Limited

Cash flow statement
For the financial year ended 31 March 2020

	2020 S$	2019 S$
Cash flows from operating activities		
(Loss)/profit before taxation	(844,716)	312,385
Adjustments for:		
Depreciation	11,477	6,407
Interest income on fixed deposits	(22,136)	(10,857)
Net losses/(gains) on financial assets at fair value through profit or loss	906,238	(192,091)
Operating cash flows before working capital changes	50,863	115,844
Changes in operating assets and liabilities:		
(Increase)/decrease in:		
Trade debtors	(959,743)	(198,389)
Sundry debtors, prepayments and deposits	(109,767)	(86,160)
(Decrease)/increase in:		
Accruals and other liabilities	306,496	(58,733)
Amounts owing to related companies	180,979	(302,118)
Deferred income	–	(121,844)
Cash flows used in operating activities	(531,172)	(651,400)
Income tax paid	(149,634)	(130,114)
Tax refund received	15,000	49,474
Interest income on fixed deposits	22,136	10,857
Net cash flows used in operating activities	(643,670)	(721,183)
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,757)	(18,106)
Purchase of investment security	(58,851)	(3,439,250)
Dividend income reinvested for purchase of investment security	(128,442)	(41,260)
Net cash flows used in investing activities	(203,050)	(3,498,616)
Net decrease in cash and cash equivalents for the year	(846,720)	(4,219,799)
Cash and cash equivalents at beginning of year	7,092,027	11,311,826
Cash and cash equivalents at end of year (Note 10)	6,245,307	7,092,027

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

1. Corporate information

UTI International (Singapore) Private Limited (the "Company") is a private limited company incorporated in Singapore on 15 November 2006. Its immediate holding company is UTI International Limited, incorporated under the laws of Guernsey, Channel Islands. The ultimate holding company is UTI Asset Management Company Ltd ("UTI AMC"), a public limited company incorporated under the laws of India.

The principal activity of the Company is the provision of fund management services. There has been no significant change in the nature of this activity during the financial year.

The registered office and principal place of business is 3 Raffles Place, #08-02 Bharat Building, Singapore 048617.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

For the purpose of statutory filing with Accounting and Corporate Regulatory Authority of Singapore, the Company has prepared a separate set of financial statements for the financial year ended 31 March 2020 in accordance with Singapore Financial Reporting Standards on which we issued a separate auditor's report dated the same.

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

The financial statements are presented in Singapore dollars ("SGD" or "S$"), the Company's functional currency.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year the Company has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2019. The adoption of these standards did not have any effect on the financial performance or position of the Company.

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

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standards that have been issued but not yet effective:

Descriptions	**Effective for annual periods beginning on or after**
Amendments to IFRS 3 *Definition of a Business*	1 January 2020
Amendments to IAS 1 and IAS 8 *Definition of Material*	1 January 2020

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

2.4 *Foreign currency transactions*

Transactions in foreign currencies during the financial year are translated at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities are translated into its functional currency at exchange rates ruling at the end of the reporting period. All exchange differences arising are included in profit or loss.

2.5 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost and are recognised as an asset if, and only, it is probable that future economic benefits associated with the items will flow to the Company. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

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

Office furniture and equipment	-	3 years
Fixtures and fittings	-	3 years
Computers	-	3 years

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

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure the amounts, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodies in the items of property, plant and equipment.

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 gains or losses arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

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

2.6 *Impairment of non-financial assets*

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Company 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 to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amounts of an asset exceeds its recoverable amounts, the asset is written-down to its recoverable amounts.

Impairment losses are recognised in profit or loss except for assets that are previously re-valued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amounts of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amounts since the last impairment loss was recognised. If that is the case, the carrying amount of the assets is increased to its recoverable amount. That increase cannot exceed the carrying amounts 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.

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

2.7 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

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

Subsequent measurement

(i) *Amortised cost*

The Company measures financial assets at amortised cost if both the conditions are met; the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

The Company classifies cash and cash equivalents, trade debtors and sundry debtors, and deposits as financial assets at amortised cost.

(ii) *Financial assets through profit or loss*

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

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)*

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Financial liabilities include accruals and other liabilities (except provision for bonus and long-term incentives), amounts owing to holding company and amounts owing to ultimate holding company.

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 de-recognised 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 *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

2.9 *Impairment of financial assets*

The Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 *Cash and cash equivalents*

Cash and cash equivalents comprise of cash at bank and on hand and deposits held with reputable banks.

2.11 *Provisions*

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

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

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

2.12 *Employee benefits*

(a) *Defined contributions plans*

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes 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 financial period in which the related service is performed.

(b) *Long-term incentives*

The net liability for the long-term incentives is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on risk free rate) at the end of the reporting period.

2.13 *Operating leases (Policy applicable before 1 April 2019)*

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.

2.14 *Operating leases (Policy applicable as at 1 April 2019)*

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

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

2.15 *Revenue recognition*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue comprises primarily of management fee, marketing fee, advisory fee and business service support fee. Management fee, marketing fee, advisory fee and business service support fee income are recognised in the financial year in which the services are rendered.

Interest income is recognised using the effective interest method.

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

2.16 *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 by 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 assets are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset 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 and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset 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 financial 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

2.16 *Taxes (cont'd)*

(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.

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

2.17 *Share capital*

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.

2.18 *Significant accounting estimates and judgements*

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures 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.

Judgement made in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has a significant effect on the amounts recognised in the financial statements:

<u>Taxation</u>

Significant judgement is involved in determining the Company's provision for taxation. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current income tax and deferred tax provisions in the period in which determination is made. The carrying amount of the Company's income tax payable as at 31 March 2020 was S$34,935 (2019: S$61,000). The carrying amount of the Company's deferred tax asset at 31 March 2020 was S$165,473 (2019: S$126,934).

3. Revenue

	2020 S$	**2019** S$
Marketing fees	510,164	484,287
Management fees	7,591,813	7,044,112
Advisory fees	99	912,235
Business support service fees	967,917	1,121,565
Interest income on fixed deposits	22,136	10,857
Other income	135,303	42,551
Other income - Intra-group recharges	1,182,254	–
	10,409,686	9,615,607

On 15 September 2019, the Company signed an agreement with its immediate holding company, UTI International Limited in consideration for the intra-group support services rendered by the Company. With effect from 1 April 2019, the Company recharges a portion of its expenses to its immediate holding company, at arm's length using the transactional net margin method.

4. Salaries and other related expenses

	2020 S$	**2019** S$
Salaries and bonuses	3,030,832	3,077,697
CPF contributions	183,936	165,422
Other staff related costs	665,606	588,756
	3,880,374	3,831,875

Salaries and other related expenses comprise of amounts paid to directors of the Company are as follows:

	2020 S$	**2019** S$
Salaries and bonuses	893,828	1,263,430
CPF contributions	17,475	27,505
	911,303	1,290,935

5. Other operating expenses

	2020 S$	**2019** S$
Management fee expenses	4,704,359	4,024,128
Travel and entertainment	297,939	261,050
Operating lease expenses	178,125	176,584
Legal and professional fees	560,979	579,922
Communication expense	72,319	67,210
Insurance expense	98,429	101,232
Operational expenses	268,941	264,385
Repair and maintenance	36,058	53,949
Service administration fees	194,571	131,564
Business promotion expenses	68,029	119,767
Directors' fees	69,166	70,869
Foreign exchange gains	(298,207)	(363,905)
Others	205,605	170,276
	6,456,313	5,657,031

6. Tax expense/(credit)

	2020 S$	**2019** S$
Tax expense/(credit) attributable to profit is made up of:		
- Current income tax	34,935	61,000
- Under/(over)provision in respect of previous year	88,634	(79,359)
- Deferred income (credit)/tax from temporary differences	(38,539)	14,126
- Tax credit	(15,000)	–
	70,030	(4,233)

6. Tax expense/(credit) (cont'd)

A reconciliation between tax expense/(credit) and the product of accounting profit multiplied by the applicable tax rate for the financial years ended 31 March were as follow:

	2020 S$	**2019** S$
(Loss)/profit before taxation	(844,716)	312,385
Tax (credit)/expense calculated at tax rate of 17% (2019: 17%)	(143,602)	53,105
Adjustments:		
Expenses not deductible for tax purposes	127,078	20,699
Income not subject to taxation	–	(32,655)
Effect of partial tax exemption, tax relief and tax rebate	53,475	26,399
Deferred tax on temporary differences	(38,539)	14,126
Benefits from previously unrecognised tax losses and capital allowances	(1,987)	(2,040)
Under/(over)provision in respect of previous year	88,634	(79,359)
Tax credit	(15,000)	–
Others	(29)	(4,508)
Tax expense/(credit) recognised in profit or loss	70,030	(4,233)

The Company was granted the Financial Sector Incentive Award (Fund Management or Investment Advisory Services) ("FSI"), effective from 29 April 2016 to 28 April 2021. Under the FSI, the Company is entitled to a concessionary rate of tax of 10% on qualifying transactions under the provision of Concessionary Rate of Tax for Financial Sector Incentive Companies in section 43Q of the Income Tax Act (Chapter 134).

7. Property, plant and equipment

	Office furniture and equipment S$	Fixtures and fittings S$	Computers S$	Total S$
Cost				
At 1 April 2018	30,387	119,043	170,859	320,289
Additions	447	–	17,659	18,106
At 31 March 2019 and at 1 April 2019	30,834	119,043	188,518	338,395
Additions	3,336	668	11,753	15,757
At 31 March 2020	34,170	119,711	200,271	354,152
Accumulated depreciation				
At 1 April 2018	29,934	119,043	162,331	311,308
Charge for 2018	424	–	5,983	6,407
At 31 March 2019 and at 1 April 2019	30,358	119,043	168,314	317,715
Charge for 2020	969	108	10,400	11,477
At 31 March 2020	31,327	119,151	178,714	329,192
Net book value				
At 31 March 2019	476	–	20,204	20,680
At 31 March 2020	2,843	560	21,557	24,960

8. Investment securities

	2020 S$	2019 S$
At fair value through profit or loss		
- Quoted investment securities	4,675,812	5,394,757

9. Sundry debtors, prepayments and deposits

	2020 S$	2019 S$
Prepayments	253,092	170,298
Deposits	69,138	69,138
Recoverable expense	206,406	177,453
Net GST receivable	12,594	19,044
Accrued interest receivable	4,765	295
	545,995	436,228

10. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and fixed deposits. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2020 S$	2019 S$
Fixed deposits	1,467,885	1,088,352
Cash and bank balances	4,777,422	6,003,675
	6,245,307	7,092,027

Fixed deposits earn interest at 1.75% (2019: 0.90%).

11. Accruals and other liabilities

	2020 S$	2019 S$
Provision for long-term incentives	973,373	881,557
Provision for bonus	550,000	840,000
Accrued staff costs	50,616	23,789
Accrued management fee expenses	611,034	569,916
Others	673,116	236,381
	2,858,139	2,551,643

Accruals and other payables are unsecured, interest-free and typically payable within 30 days.

12. Share capital

	2020		2019	
	No. of shares	S$	No. of shares	S$
Issued and fully paid:				
At beginning and end of year	600	6,000,000	600	6,000,000

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

13. Trade debtors

	2020 S$	2019 S$
Receivable from related companies (Note 14)	2,929,604	1,938,861
Receivable from third parties	157,231	188,231
	3,086,835	2,127,092

Trade debtors are trade-related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

14. Related party transactions

For the financial year ended 31 March 2020, the related party transactions were as follows:

	2020 S$	**2019** S$
Revenue		
Fee from funds under management	6,962,047	5,991,269
Advisory fee from holding company	99	912,235
Business support service fee from ultimate holding company	967,917	1,121,565
Intra group cost recharge to holding company	1,182,254	–
Marketing fees		
Other related companies	510,164	484,287
Interest income on fixed deposit with related financial institution	22,136	10,857
Expenses		
Management fee expenses		
Holding company	1,231,242	928,106
Ultimate holding company	600,775	520,918

At 31 March, balances resulting from related party transactions were as follows:

	2020 S$	**2019** S$
Assets		
Trade debtors owing from:		
Holding company	385,487	42,468
Ultimate holding company	213,058	270,861
Funds under management	2,252,584	1,586,645
Other related companies	78,475	38,887
Liabilities		
Amounts owing to:		
Holding company	376,019	251,460
Ultimate holding company	175,097	118,677

14. Related party transactions (cont'd)

Trade debtors owing from and amounts owing to related companies are trade-related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

The Company currently does not offset balances with related parties and trade debtors owing from and amounts owing to related companies are presented at gross in the statement of financial position.

15. Deferred tax asset

	2020 S$	**2019** S$
Provision for long-term incentives	165,473	126,934

16. Fair value of financial instruments

The Company's principal financial instruments are cash and short-term deposits, trade and sundry debtors, amounts owing to related companies, and accruals and other liabilities.

The carrying amounts of these financial instruments are reasonable approximation of fair values due to their short-term nature.

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly; and
Level 3 - Unobservable inputs for the asset of liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Investment securities

Fair value is determined directly by reference to their published market price or broker quotes at the end of the reporting period without factoring in transaction costs (Level 1).

17. Financial risk management objectives and policies

The directors consider that their main risk management objectives is to monitor and mitigate material risks, which they consider to include credit risk, liquidity risk, interest rate risk and foreign currency risk. Several procedures are in place to enable material risks to be adequately managed. These include preparation and review of annual forecasts and monthly management accounts.

The key risks are summarised below:

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other debtors. For other financial assets (including cash and cash equivalents), the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the end of the reporting period, 94.91% (2019: 91.15%) of the trade debtors were due from related parties.

(i) *Exposure to credit risk*

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.

(ii) *Financial assets that are neither past due nor impaired*

Trade and other debtors that are neither past due nor impaired are with credit worthy debtors with good payment record with the Company. The Company derives its main source of revenue from providing fund management services to its affiliates. Exposure to credit risk arising from related party transactions is minimal as these affiliates are of good credit standing. Cash is placed only with major international bank.

(iii) *Financial assets that are either past due or impaired*

There is no financial asset that is either past due or impaired, or would be otherwise past due and not impaired as at 31 March 2020.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company's policy on liquidity risk management is to maintain sufficient cash and the availability of funding. Cash balances and forecast cash movements are reviewed on a regular basis, bank reconciliations are prepared and reviewed daily and management accounts are prepared and reviewed monthly to ensure that the Company maintains adequate working capital. The Company's financial assets and liabilities are short-term in nature which mitigates the risk of default on financial obligations. At the end of the reporting period, all of the Company's financial liabilities will mature in less than one year based on the carrying amount reflected in the financial statements.

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

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-bearing assets are cash deposits placed with banks of S$1,467,885 (2018: S$1,088,352). The Company's policy is to maximise the returns on these interest-bearing assets. The Company does not have any borrowings.

(d) *Foreign currency risk*

The Company has transactional currency exposures arising mainly from intercompany receivables and distribution fees payable, which are denominated in currency other than SGD. The foreign currency in which these receivables are denominated is mainly United States dollars ("USD" or "US$").

As at end of the reporting period, the balance denominated in USD amounted to US$8,282,744 (2019: US$8,700,259). With all other variables held constant, a 1% strengthening of USD against SGD would result in an increase in profit/(loss) before taxation of approximately S$118,004 (2019: S$117,964).

(e) *Market price risk*

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. The Company is exposed to equity price risk arising from its investment securities.

The Company's objective is to manage investment returns and price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for price risk

At the end of the reporting period, if the prices of the investment securities had been 2% (2019: 2%) higher/lower with all other variables held constant, the Company's profit before tax for 2020 would have been S$93,516 (2019: S$107,895) higher/lower, arising as a result of an increase/decrease in the fair value of investment securities classified as FVPL.

18. Capital management

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern so that it can continue to provide investment advisory services to affiliates. The Company's management monitor the capital structure and make adjustments to it as needed. In order to maintain or adjust the capital structure, management would maintain low expenses/costs and focus on new business opportunities.

19. Subsequent events note - Impact of the Coronavirus (COVID-19) outbreak

The directors have, at the time of approving the financial statements, assessed the potential impact of the COVID-19 global pandemic on the Company. The coronavirus outbreak is a new emerging risk to the global economy. The Company's business may be impacted by falling revenues as a result of decreases in the NAVs of the underlying funds on which the management fees for the Company are calculated. Business continuity plans have been invoked to help ensure the safety and well-being of staff thereby retaining the ability to maintain business operations. These actions help to ensure business resilience. The situation is changing so rapidly that the full impact cannot yet be understood, but the Company will continue to monitor the situation closely.

20. Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 15 April 2020.