
NUCLEUS SOFTWARE SOLUTIONS PTE LTD

(Company Registration No. 199401311C)

Financial Statements For The Year Ended March 31, 2023

Nucleus Software Solutions Pte Ltd

(Incorporated in the Republic of Singapore)

Directors

Vishnu Rampratap Dusad

Yasmin Javeri Krishan

Secretary

Wong Lai Chee

Registered Office

300 Tampines Avenue 5

#04-06 NTUC Income Tampines Junction

Singapore 529653

Auditors

Natarajan & Swaminathan

Chartered Accountants of Singapore

1 North Bridge Road

#19-04/05 High Street Centre

Singapore 179094

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

Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2023

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2023.

1 Directors

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

Vishnu Rampratap Dusad

Yasmin Javeri Krishan

2 Arrangements to enable directors to acquire shares and debentures

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

3 Directors' interest in shares and debentures

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

<u>Name of director</u>	<u>At beginning of year</u>	<u>At end of year</u>
<i>Number of ordinary shares</i>		
Vishnu Rampratap Dusad		
- Deemed interest	625,000	625,000

By virtue of Section 7 of the Companies Act, he is deemed to have an interest in the Company and in all the related corporations of the Company.

4 Share options

During the financial year, there were:

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

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

Nucleus Software Solutions Pte Ltd

Directors' Statement

For the financial year ended March 31, 2023

5 Auditors

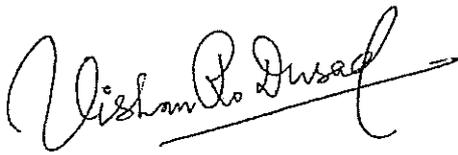
The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.

6 Directors' opinion

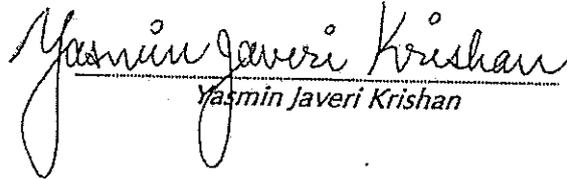
In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors



Vishnu Rampratap Dusad



Yasmin Javeri Krishan

Date: May 8, 2023

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NUCLEUS SOFTWARE SOLUTIONS PTE LTD** (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). Our responsibilities under those standards are further described in the *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 Directors' Statement set out on pages 1 to 2.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023
(Incorporated in the Republic of Singapore)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUCLEUS SOFTWARE SOLUTIONS PTE LTD
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023
(Incorporated in the Republic of Singapore)

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

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

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

Report on Other Legal and Regulatory Requirements

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

Natarajan & Swaminathan

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: May 8, 2023

Nucleus Software Solutions Pte Ltd

Statement of Financial Position

As at March 31, 2023

	Note	2023	2022
		S\$	S\$
Assets			
Non-current assets			
Plant and equipment	3	98,084	292,804
Deferred tax assets	4	2,430	2,070
Total non-current assets		<u>100,514</u>	<u>294,874</u>
Current assets			
Trade receivables	5	1,882,950	1,896,175
Other receivables	6	61,025	61,498
Prepayments		91,802	45,139
Contract assets	7	906,292	1,233,598
Cash and bank balances	8	1,349,863	1,969,763
Total current assets		<u>4,291,932</u>	<u>5,206,173</u>
Total assets		<u>4,392,446</u>	<u>5,501,047</u>
Equity and liabilities			
Equity			
Share capital	9	625,000	625,000
Accumulated profits		1,268,901	1,835,060
Total equity		<u>1,893,901</u>	<u>2,460,060</u>
Non-current liabilities			
Lease liabilities	12	-	83,694
Total non-current liabilities		<u>-</u>	<u>83,694</u>
Current liabilities			
Trade payables and accruals	10	2,187,639	2,490,230
Provisions	11	219,607	264,729
Contract liabilities	7	24,728	19,135
Lease liabilities	12	66,571	178,384
Income tax payable		-	4,815
Total current liabilities		<u>2,498,545</u>	<u>2,957,293</u>
Total liabilities		<u>2,498,545</u>	<u>3,040,987</u>
Total equity and liabilities		<u>4,392,446</u>	<u>5,501,047</u>

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

Nucleus Software Solutions Pte Ltd
Statement of Comprehensive Income

For the financial year ended March 31, 2023

	Note	<u>2023</u>	<u>2022</u>
		S\$	S\$
Revenue	13	12,528,391	11,509,181
Other income	14	4,981	96,658
Other gains/(losses) - net	15	(27,870)	(3,029)
Consultancy and sub-contract charges		(5,833,468)	(4,740,889)
Salaries and employee benefits	16	(6,523,785)	(6,438,301)
Depreciation of plant and equipment	3	(208,307)	(219,471)
Other operating expenses		(460,529)	(324,348)
Finance costs	17	(19,439)	(35,207)
Loss before income tax	18	<u>(540,026)</u>	<u>(155,406)</u>
Income tax expense	19	(26,133)	(32,543)
Loss after income tax		<u>(566,159)</u>	<u>(187,949)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u><u>(566,159)</u></u>	<u><u>(187,949)</u></u>

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

Nucleus Software Solutions Pte Ltd

Statement of Changes in Equity

For the financial year ended March 31, 2023

	Share capital	Accumulated profits	Total
	S\$	S\$	S\$
Balance as at 01.04.2021	625,000	2,023,009	2,648,009
Total comprehensive loss for the year	-	(187,949)	(187,949)
Balance as at 31.03.2022	625,000	1,835,060	2,460,060
Total comprehensive loss for the year	-	(566,159)	(566,159)
Balance as at 31.03.2023	625,000	1,268,901	1,893,901

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

Nucleus Software Solutions Pte Ltd

Statement of Cash Flows

For the financial year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Cash flows from operating activities		
Loss before income tax	(540,026)	(155,406)
Adjustments for:		
Allowance for doubtful debts written back:		
- Contract assets (outside party)	(4,558)	(84,100)
Amortisation of deferred rent expense	3,954	3,979
Amortisation of interest income on rental deposits	(4,162)	(3,846)
Depreciation of plant and equipment	208,307	219,471
(Reversal)/charge of unutilised leave	(47,941)	52,563
Interest expense on lease liabilities	16,620	32,624
Interest accretion on asset retirement obligation	2,819	2,583
Interest income	(459)	(1,465)
Operating (loss)/profit before working capital changes	(365,446)	66,403
Trade receivables	13,225	(271,919)
Other receivables and prepayments	(45,984)	(523)
Contract assets	331,864	(688,288)
Trade payables and accruals	(302,591)	1,378,908
Contract liabilities	5,593	(225,628)
Cash (used in)/generated from operations	(363,339)	258,953
Interest received	459	1,465
Income tax paid	(31,308)	(107,258)
Net cash (used in)/from operating activities	(394,188)	153,160
Cash flows from investing activities		
Purchase of plant and equipment	(13,587)	(10,141)
Cash restricted in use over 3 months	81	(19)
Net cash used in investing activities	(13,506)	(10,160)
Cash flows from financing activities		
Payment of principal portion of lease liability	(212,124)	(218,447)
Net cash used in financing activities	(212,124)	(218,447)
Net decrease in cash and cash equivalents	(619,818)	(75,447)
Cash and cash equivalents brought forward	1,962,827	2,038,274
Cash and cash equivalents carried forward	<u>1,343,009</u>	<u>1,962,827</u>
Cash and cash equivalents comprise:-		
Fixed deposits	-	505,919
Cash at banks	1,342,322	1,456,638
Cash in hand	687	270
	<u>1,343,009</u>	<u>1,962,827</u>

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

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

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

1 Corporate information

The Company (Registration No. 199401311C) is a private limited Company incorporated and domiciled in Singapore.

The registered office and principal place of business is at 300 Tampines Avenue 5, #04-06 NTUC Income Tampines Junction, Singapore 529653.

The principal activities of the Company are those relating to developing, producing and dealing in software systems and providing support and technical advisory and consultancy services.

There have been no significant changes in the nature of these activities during the financial year.

Holding company

The Company is a wholly-owned subsidiary of "Nucleus Software Exports Limited", a listed company incorporated in India, which is also the ultimate holding company.

Representative office

The Company has representative offices at Indonesia and Philippines. The expenses incurred by representative offices have been incorporated in the financial statements.

2 Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") as required by the Singapore Companies Act 1967. The financial statements are expressed in Singapore Dollar (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer **Note 2(b)** to the financial statements).

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

FRS 16	(Amendments)	: Proceeds before intended to use
FRS 37	(Amendments)	: Onerous Contracts - Cost of Fulfilling a Contract
FRS 103	(Amendments)	: Reference to the Conceptual Framework
FRS 116	(Amendments)	: Covid-19 Related Rent Concessions beyond June 30, 2021

2 Significant accounting policies (Cont'd)

a) Basis of preparation (Cont'd)

Improvements to FRSs

Annual Improvements to FRSs 2018 - 2020

FRS 101 (Amendments) : First-Time Adoption of Financial Reporting Standards

FRS 109 (Amendments) : Financial Instruments

FRS 116 (Amendments) : Leases

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

b) Critical judgements in applying the entity's accounting policies

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

Key sources of estimation uncertainty

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

Depreciation

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

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

c) Foreign currency transactions

(i) Functional currency

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

2 Significant accounting policies (Cont'd)

c) Foreign currency transactions (Cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated assets and liabilities are recognised in the profit or loss.

Currency translation differences on non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

d) Plant and equipment

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

e) Depreciation of plant and equipment

Depreciation is calculated on a straight-line method to write off the cost of the plant and equipment over its estimated useful life at the following annual rates:

Furniture & fittings	- 20%
Office equipment	- 20%
Electrical equipment	- 20%
Computer & software packages	- 33%
Office renovation	- 20%
Right-of-use assets (leasehold building)	- 24 to 36 months

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

f) Impairment of non-financial assets

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

2 Significant accounting policies (Cont'd)

f) Impairment of non-financial assets (Cont'd)

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Financial instruments

Financial instruments comprise financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, 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 do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined per the Company's revenue recognition policy.

Financial assets that are classified and measured at amortised cost or fair value through OCI, are financial assets that give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

2 Significant accounting policies (Cont'd)

g) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("FVOCI")
- Financial assets elected at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss ("FVPL")

The Company's relevant financial assets category are financial assets at amortised cost.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following 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 specified dates to cash flows 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 derecognized, modified or impaired. For short-term receivables the nominal cost approximates the fair value.

The Company's financial assets at amortised cost includes trade receivables, other receivables and cash and bank balances.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has entered into a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

2 Significant accounting policies (Cont'd)

g) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Derecognition (Cont'd)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL and contract assets. 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 and contract assets, 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 which could affect debtors' ability to pay.

The Company makes judgmental assessment for financial asset in default when contractual payments are past due. The Company considers 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 Significant accounting policies (Cont'd)

g) Financial instruments (Cont'd)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For short term payables the nominal costs approximate the fair value.

The Company's financial liabilities include trade payables and accruals and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

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 as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

h) Provisions

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

i) Contract asset

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

2 Significant accounting policies (Cont'd)

j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of unpledged fixed deposit with a maturity of below 3 months, cash at banks and cash in hand.

k) Related parties

The related parties are defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company.

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

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others, shown as related company);
- (ii) One entity is an associate or joint venture of the other entity (for an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of the third entity and the other entity is an associate of the third party;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); and
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

l) Contract liabilities

Contract liabilities relate to the Company's obligations to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

m) 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 and based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

2 Significant accounting policies (Cont'd)

m) Revenue recognition (Cont'd)

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.

The Company earns revenue primarily from software development services and product mainly for corporate business entities in the banking and financial services sector. Revenue from fixed price contracts and related customisation is recognised in accordance with the percentage completion method calculated based on output method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates. The contract cost used in computing the revenues include cost of fulfilling warranty obligations, if any.

Revenue from time and material contracts is recognised as the services are rendered.

Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts as receipt of consideration is conditional on successful completion of individual milestone and approval by customer. Upon completion of the customisation and implementation milestone as detailed in the contract with customer and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Advances from customers and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

n) Other income

The following income are recognised on the following basis:

- (i) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (ii) grant is recognised upon receipt.

o) Employee benefits

Retirement benefit costs

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

2 Significant accounting policies (Cont'd)

o) Employee benefits (Cont'd)

Retirement benefit costs (Cont'd)

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

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

Key management personnel

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

p) Leases

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.

As lessee

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 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 Company 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.

If ownership of the leased asset transfers to the Company 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(f)**.

The Company's right-of-use assets are presented within plant and equipment (**Note 3**).

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

2 Significant accounting policies (Cont'd)

p) Leases (Cont'd)

Lease liabilities (Cont'd)

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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company 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.

The Company's lease liabilities are presented within lease liability (Note 12).

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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 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.

q) Finance costs

A lessee presents interest expense on the lease liability separately from the depreciation charge for the right-of-use assets. Interest expense on the lease liability is a component of finance costs, which is presented separately in the profit or loss.

r) Goods and services tax ("GST")

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

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

2 Significant accounting policies (Cont'd)

s) Income tax

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

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

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

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

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

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

3 Plant and equipment

<u>2023</u>	<u>Furniture & fittings</u>	<u>Office equipment</u>	<u>Electrical equipment</u>	<u>Computer & software packages</u>	<u>Office renovation</u>	<u>Right-of-use assets</u>	<u>Total</u>
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost							
At April 1, 2022	169,418	183,181	12,388	296,527	287,906	609,352	1,558,772
Additions	-	747	-	12,840	-	-	13,587
Disposals	-	-	-	(104,412)	-	(36,514)	(140,926)
At March 31, 2023	<u>169,418</u>	<u>183,928</u>	<u>12,388</u>	<u>204,955</u>	<u>287,906</u>	<u>572,838</u>	<u>1,431,433</u>
Depreciation							
At April 1, 2022	169,418	182,262	12,388	278,690	287,906	335,304	1,265,968
Charge for the year	-	551	-	12,335	-	195,421	208,307
Disposals	-	-	-	(104,412)	-	(36,514)	(140,926)
At March 31, 2023	<u>169,418</u>	<u>182,813</u>	<u>12,388</u>	<u>186,613</u>	<u>287,906</u>	<u>494,211</u>	<u>1,333,349</u>
Net book value							
At March 31, 2023	<u>-</u>	<u>1,115</u>	<u>-</u>	<u>18,342</u>	<u>-</u>	<u>78,627</u>	<u>98,084</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

3 Plant and equipment

<u>2022</u>	Furniture & fittings	Office equipment	Electrical equipment	Computer & software packages	Office renovation	Right-of-use assets	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost							
At April 1, 2021	169,418	183,181	12,388	286,386	287,906	978,266	1,917,545
Additions	-	-	-	10,141	-	10,812	20,953
Disposals	-	-	-	-	-	(379,726)	(379,726)
At March 31, 2022	<u>169,418</u>	<u>183,181</u>	<u>12,388</u>	<u>296,527</u>	<u>287,906</u>	<u>609,352</u>	<u>1,558,772</u>
Depreciation							
At April 1, 2021	169,418	181,755	12,388	262,632	287,906	512,124	1,426,223
Charge for the year	-	507	-	16,058	-	202,906	219,471
Disposals	-	-	-	-	-	(379,726)	(379,726)
At March 31, 2022	<u>169,418</u>	<u>182,262</u>	<u>12,388</u>	<u>278,690</u>	<u>287,906</u>	<u>335,304</u>	<u>1,265,968</u>
Net book value							
At March 31, 2022	<u>-</u>	<u>919</u>	<u>-</u>	<u>17,837</u>	<u>-</u>	<u>274,048</u>	<u>292,804</u>

4 Deferred tax assets

The movement in the deferred tax assets are as follows:

	Asset retirement obligation	Difference in depreciation	Total
	S\$	S\$	S\$
At April 1, 2021	4,820	(4,281)	539
Charge to profit or loss	439	1,092	1,531
At March 31, 2022	<u>5,259</u>	<u>(3,189)</u>	<u>2,070</u>
Charge to profit or loss	479	(119)	360
At March 31, 2023	<u>5,738</u>	<u>(3,308)</u>	<u>2,430</u>

5 Trade receivables

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Outside parties	1,793,076	1,596,306
Holding company	89,874	299,869
	<u>1,882,950</u>	<u>1,896,175</u>

The average credit period is 30 days (2022:30 days). No interest is charged on the trade receivables.

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

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Not past due	1,276,622	1,301,417
Past due less than 60 days	292,604	130,645
Past due 61 to 90 days	111,227	464,113
Past due 91 to 180 days	63,264	-
Past due more than 180 days	139,233	-
	<u>1,882,950</u>	<u>1,896,175</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

5 Trade receivables (Cont'd)

The Company has not made any allowance on all these receivables as the directors are of the view that all the receivables are recoverable.

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

	<u>2023</u>	<u>2022</u>
	S\$	S\$
United States Dollar	<u>490,283</u>	<u>295,811</u>

6 Other receivables

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Sundry receivables	2	11
Deferred rent expense	1,600	5,569
Advance to staff	-	-
	<u>1,602</u>	<u>5,580</u>
Deposits (*)	61,166	64,043
Less: Allowance for doubtful debts		
- At beginning of year	2,207	2,207
- Bad debts written off	(2,207)	-
- At end of year	-	2,207
	<u>61,166</u>	<u>61,836</u>
Less: Unamortised interest	1,743	5,918
	<u>59,423</u>	<u>55,918</u>
	<u><u>61,025</u></u>	<u><u>61,498</u></u>

(*) Deposits are paid in relation to leases of office premises. These deposits are refundable to the Company at the end of the lease term.

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

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Philippine Peso	<u>3,174</u>	<u>4,097</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

7 Contract assets and liabilities

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Contract assets		
Holding company	10,151	-
Unbilled revenue:		
- Outside parties	896,141	1,238,156
Less: Allowance for doubtful debts		
- At beginning of year	4,558	88,658
- Reversal for the year	(4,558)	(84,100)
- At end of year	-	4,558
	<u>906,292</u>	<u>1,233,598</u>
Contract liabilities		
Deferred revenue:- Outside parties	24,728	19,135
	<u>24,728</u>	<u>19,135</u>

The amount of revenue recognised from amounts included in contract liabilities at the beginning of the period is S\$19,135 (2022:S\$231,369). Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of industry in which the company operates.

8 Cash and bank balances

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Fixed deposits:		
- Maturity more than 3 months (#)	6,854	6,936
- Maturity less than 3 months	-	505,919
Cash at bank	1,342,322	1,456,638
Cash in hand	687	270
	<u>1,349,863</u>	<u>1,969,763</u>

(*) For cash flow purposes, cash and cash equivalents do not include fixed deposits with maturity after 3 months.

Fixed deposits are with an original tenure of 6 months (2022: 3 months to 6 months). As of year-end, the maturity period is 5 months (2022:1 month to 6 months).

Fixed deposits interest rate is about 0.30% to 0.35% (2022: 0.30% to 0.35%) per annum.

The cash and bank balances that are not denominated in Singapore Dollar are as follows:-

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Japanese Yen	20	22
United States Dollar	300,714	460,602

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

9 Share capital

	<u>2023</u> No. of shares issued	<u>2023</u> S\$	<u>2022</u> No. of shares issued	<u>2022</u> S\$
Ordinary shares issued and fully paid				
Balance at beginning and end of year	625,000	625,000	625,000	625,000

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

10 Trade payables and accruals

	<u>2023</u> S\$	<u>2022</u> S\$
Trade payables:		
- Outside parties	12,060	42,100
- Holding company	547,921	677,466
GST payable	114,195	77,162
Withholding tax payable	-	13
Accrued expenses	1,513,463	1,693,489
	<u>2,187,639</u>	<u>2,490,230</u>

The average credit period on services is 60 days to 90 days (2022:60 days to 90 days).

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

	<u>2023</u> S\$	<u>2022</u> S\$
Indian Rupee	9,412	4,630
Indonesian Rupiah	693	4,674
Malaysian Ringgit	-	17,784
Philippine Peso	2,803	10,214
United States Dollar	394,936	392,775

11 Provisions

	<u>Asset retirement obligation</u> S\$	<u>Unutilised leave</u> S\$	<u>Total</u> S\$
At April 1, 2021	28,350	181,233	209,583
Interest accretion during the year	2,583	-	2,583
Charge for the year	-	79,268	79,268
Paid during the year	-	(26,705)	(26,705)
At March 31, 2022	30,933	233,796	264,729
Interest accretion during the year	2,819	-	2,819
Reversal during the year	-	(47,941)	(47,941)
At March 31, 2023	<u>33,752</u>	<u>185,855</u>	<u>219,607</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

12 Lease liabilities

These liabilities are at effective interest rate:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
<i>Secured:</i>		
Non-current	-	83,694
Current	66,571	178,384
	<u>66,571</u>	<u>262,078</u>

The amount due after 1 year is repayable as follows:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
<i>Secured:</i>		
Within 2 to 5 years	-	83,694

The liabilities are at effective interest rate.

The Company has lease contract for office units. The Company's obligation under this lease is secured by the lessor's title to the leased assets.

A reconciliation of liabilities arising from the financing activity is as follows:

	At beginning of year	Cash flows	Non-cash changes		At end of year
	S\$	S\$	Acquisition	Accretion of interest	S\$
<u>2023</u>					
Lease liabilities	262,078	(212,127)	-	16,620	66,571
<u>2022</u>					
Lease liabilities	437,089	(218,447)	10,812	32,624	262,078

The leases liabilities that are not denominated in Singapore Dollar are as follows:-

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Philippine Peso	581	7,944

13 Revenue

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Type of income		
Software product development and support services	<u>12,528,391</u>	<u>11,509,181</u>
Timing of revenue recognition		
Over time	<u>12,528,391</u>	<u>11,509,181</u>

The Company has not made any provision for variable consideration for the financial year.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

14 Other income

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Interest income from banks	459	1,465
Amortisation of interest income on rental deposits	4,162	3,846
Government grants:		
- Rental waiver	-	8,476
- Temporary employment and other credits	360	32,315
Miscellaneous income	-	50,556
	<u>4,981</u>	<u>96,658</u>

15 Other gains/(losses) – net

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Foreign exchange adjustments:		
- Losses	(27,870)	(3,029)
	<u>(27,870)</u>	<u>(3,029)</u>

16 Salaries and employee benefits

Salaries and employee benefits for the years ended March 31:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Salaries and allowances	6,232,882	6,126,892
CPF contributions (defined)	219,410	240,518
Director's fees	54,000	54,000
Skill development levy	5,123	5,691
Staff welfare	12,370	11,200
	<u>6,523,785</u>	<u>6,438,301</u>

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

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Director's fees	54,000	54,000

17 Finance costs

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Interest accretion on asset retirement obligation	2,819	2,583
Interest expense on lease liabilities	16,620	32,624
	<u>19,439</u>	<u>35,207</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

18 Loss before income tax

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

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Allowance for doubtful debts no longer required written back:		
- Contract assets (outside party)	(4,558)	(84,100)
Amortisation of deferred rent expense	3,954	3,979
Foreign exchange loss	27,870	3,029
Operating lease - rental	28,117	28,526
	<u>28,117</u>	<u>28,526</u>

19 Income tax expense

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Current year	-	-
Prior years (over)/under provision	(5,080)	5,909
Deferred tax credit	(360)	(1,531)
Withholding tax	31,573	28,165
	<u>26,133</u>	<u>32,543</u>

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

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Loss before income tax	<u>(540,026)</u>	<u>(155,406)</u>
Tax benefit at the rate of 17%	(91,804)	(26,418)
Non-deductible items	(1,780)	10,660
Deferred tax arising in the year not recognised	93,224	14,227
Prior years (over)/under provision	(5,080)	5,909
Withholding tax	31,573	28,165
Income tax expense for the financial year	<u>26,133</u>	<u>32,543</u>

As of end of the financial year, the Company has unutilised tax losses of about S\$608,000 (2022:S\$65,000) and unutilised capital allowances of about S\$23,500 (2022:S\$10,000) available for set off against the future taxable profits, subject to agreement with the Tax Authority and compliance with certain conditions of the Income Tax Act.

The following deferred tax assets are not recognised in the financial statements as future taxable profits to utilise the benefits cannot be reasonably ascertained.

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Unutilised tax losses	103,000	11,300
Unutilised capital allowances	4,000	1,700
	<u>107,000</u>	<u>13,000</u>

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

20 Holding company transactions

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

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

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Income from software development services and product	1,004,547	1,204,028
Consultancy and sub-contract charges	4,438,299	3,232,299
Reimbursement of expenses:		
- Other operating expenses	41,000	27,270
- Cyber security technical advisory services	-	1,118,783
	<u> </u>	<u> </u>

21 Operating lease commitments

The Company leases premises for office and guest house under non-cancellable operating lease agreements. These leases have a tenure of 2 years.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
<i>Rental expense:</i>		
- Within 1 year	4,472	4,472
	<u> </u>	<u> </u>

22 Financial instruments, financial and capital risk management

(a) Categories of financial instruments

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

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Financial assets		
Amortised cost:		
- Trade receivables	1,882,950	1,896,175
- Other receivables	61,024	61,498
- Cash and bank balances	1,349,863	1,969,763
Total financial assets	<u>3,293,837</u>	<u>3,927,436</u>
Financial liabilities		
Amortised cost:		
- Trade payables and accruals (<i>excluding GST</i>)	2,073,444	2,413,068
- Provisions	33,752	30,933
- Lease liabilities	66,571	262,078
Total financial liabilities	<u>2,173,767</u>	<u>2,706,079</u>

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

(b) Fair value measurements

Fair value hierarchy

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

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

Assets and liabilities not measured at fair value

(i) *Trade receivables and trade payables*

The carrying amounts of these receivables and payables (including trade balances due from/to holding company and related company) approximate their fair values as they are subject to normal trade credit terms.

(ii) *Other receivables and cash and bank balances*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

(ii) *Lease liabilities*

Lease liabilities approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions

(c) Financial risk management

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include liquidity risk, credit risk and market risk (including interest rate risk, foreign currency risk and price risk).

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

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

(c) Financial risk management (Cont'd)

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 has no significant liquidity risk. It maintains a level of cash and cash equivalents that is sufficient for working capital purposes.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S\$	S\$	S\$	S\$
2023				
Financial assets				
Trade receivables	1,882,950	1,882,950	1,882,950	-
Other receivables	61,024	61,024	61,024	-
Cash and bank balances	1,349,863	1,349,863	1,349,863	-
Total undiscounted financial assets	3,293,837	3,293,837	3,293,837	-
Financial liabilities				
Trade payables and accruals	(2,073,444)	(2,073,444)	(2,073,444)	-
Provisions	(33,752)	(35,000)	-	(35,000)
Lease liabilities	(66,571)	(68,400)	(68,400)	-
Total undiscounted financial liabilities	(2,173,767)	(2,176,844)	(2,141,844)	(35,000)
Total net undiscounted financial assets	1,120,070	1,116,993	1,151,993	(35,000)
2022				
Financial assets				
Trade receivables	1,896,175	1,896,175	1,896,175	-
Other receivables	61,498	61,498	61,498	-
Cash and bank balances	1,969,763	1,969,763	1,969,763	-
Total undiscounted financial assets	3,927,436	3,927,436	3,927,436	-
Financial liabilities				
Trade payables and accruals	(2,413,068)	(2,413,068)	(2,413,068)	-
Provisions	(30,933)	(35,000)	-	(35,000)
Lease liabilities	(262,078)	(280,481)	(195,079)	(85,402)
Total undiscounted financial liabilities	(2,706,079)	(2,728,549)	(2,608,147)	(120,402)
Total net undiscounted financial assets	1,221,357	1,198,887	1,319,289	(120,402)

Credit risk

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

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

(c) Financial risk management (Cont'd)

Credit risk (Cont'd)

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

The Company 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 Company 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 past the credit due dates, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

Cash at bank are placed with credit worthy financial institutions.

Trade receivables and contract assets

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. For trade receivables and contract assets the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company 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. In the management view there is no ECL that is determined necessary for trade receivables for the company.

The Company has a significant exposure of credit risk in relation to an outside party which amounts to 62% (2022:59%) of the trade debtors from outside parties. The Company also has an exposure towards trade receivable from its holding company.

The management does not foresee any risk of default or expected credit loss arising from these parties as they are creditworthy customers. Further details of credit risks on trade receivables are disclosed in **Note 5** to the financial statements.

Other receivables

This comprise primarily of rental deposit and the management does not foresee any risk of default.

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

Interest rate risk

The Company has no significant exposure to market risk for changes in interest rate as it has no bank borrowings with variable interest rates.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

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

(c) Financial risk management (Cont'd)

Interest rate risk (Cont'd)

The Company has interest bearing fixed deposits. The interest bearing fixed deposits are short term in nature and with the current interest rate level, any variation in the interest rates will not have a material impact on the net income of the Company.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at statements of financial position date and the stipulated change taking place at the beginning of the financial year and had been constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables been constant, the Company's profit before tax for the year ended March 31, 2023 would increase or decrease by about S\$Nil (2022:S\$2,500) respectively.

Foreign currency risk

The Company transacts its business mainly in Singapore Dollar. However, it also has transactions in few other currencies.

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

Foreign currency sensitivity analysis

Any increase or decrease in the following foreign currencies will have a minimal impact on the financial statements. Increase in the rate of foreign currencies by 10% against the Singapore Dollar will increase/(decrease) the loss before tax by the following amount:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
<i>Increase in the rate of the foreign currencies against Singapore Dollar will increase/(decrease) loss before tax by:</i>		
Indian Rupee	900	500
Malaysian Ringgit	-	2,000
United States Dollar	<u>(40,000)</u>	<u>(36,000)</u>

A corresponding decrease in the rate of foreign currencies against the Singapore Dollar will have a vice-versa effect on the results of the Company.

The fluctuations in the other foreign currencies against the Singapore Dollar will have no significant impact on the results of the Company.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Price risk

The Company has no significant exposure to price risk.

Nucleus Software Solutions Pte Ltd

Notes to the Financial Statements

For the financial year ended March 31, 2023

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

(d) Capital risk management

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

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

The management's overall strategy remains unchanged from 2022.

23 New accounting standards and FRS interpretations

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

			<u>Effective from annual periods beginning on or after</u>
FRS 1/ FRS Practice Statement 2	(Amendments)	: Disclosure of Accounting Policies	January 1, 2023
FRS 1	(Amendments)	: Classification of Liabilities as Current or Non-current	January 1, 2023
FRS 1	(Amendments)	: Non-current liabilities with Covenants	January 1, 2024
FRS 8	(Amendments)	: Definition of Accounting Estimates	January 1, 2023
FRS 12/FRS 101	(Amendments)	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
FRS 116	(Amendments)	: Lease liability in a sale and leaseback	January 1, 2024

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

25 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on May 8, 2023.

Nucleus Software Solutions Pte Ltd

The Accompanying Supplementary Detailed Income Statement

Has Been Prepared For Management Purposes Only

And Does Not Form Part Of The Audited Financial Statements

Nucleus Software Solutions Pte Ltd

Detailed Income Statement

For the financial year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Revenue		
Software development services and product	<u>12,528,391</u>	<u>11,509,181</u>
Other income		
Interest income from banks	459	1,465
Amortisation of interest income on rental deposits	4,162	3,846
Government grants:		
- Rental waiver	-	8,476
- Temporary employment and other credits	360	32,315
Miscellaneous income	-	50,556
	<u>4,981</u>	<u>96,658</u>
Other gains/(losses) - net		
Foreign exchange adjustments:		
- Losses	<u>(27,870)</u>	<u>(3,029)</u>
	<u>(27,870)</u>	<u>(3,029)</u>
Consultancy and sub-contract charges	<u>(5,833,468)</u>	<u>(4,740,889)</u>
Salaries and employee benefits		
Salaries and allowances	(6,232,882)	(6,126,892)
CPF contributions (defined)	(219,410)	(240,518)
Director's fees	(54,000)	(54,000)
Skill development levy	(5,123)	(5,691)
Staff welfare	(12,370)	(11,200)
	<u>(6,523,785)</u>	<u>(6,438,301)</u>
Depreciation of plant and equipment	<u>(208,307)</u>	<u>(219,471)</u>
Other operating expenses		
Air-con charges	(1,315)	(958)
Allowance for doubtful debts written back:		
- Contract assets (outside party)	4,558	84,100
Amortisation of deferred rent expense	(3,954)	(3,979)
Bank charges	(11,378)	(13,243)
Business promotion and entertainment	(8,334)	(5,733)
Cleaning and maintenance	(11,492)	(9,655)
Computer consumables and peripherals	(15,571)	(13,821)
Courier and postage	(3,974)	(5,607)
Festival/establishment	(740)	-
Hotel expenses	(16,954)	-

... Cont'd

Nucleus Software Solutions Pte Ltd

Detailed Income Statement

For the financial year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Other operating expenses		
Immigration expenses	(10,359)	(10,000)
Insurance	(134,047)	(100,413)
Local conveyance	(12,311)	(8,289)
Membership and subscription	(730)	(730)
Office expenses	(3,637)	(5,404)
Operating lease - rental	(28,117)	(28,526)
Printing and stationary	(1,259)	(403)
Professional charges	(101,725)	(99,514)
Recruitment and training	(4,952)	(36,991)
Secretarial fees	(1,170)	(960)
Telephone and internet	(48,411)	(54,059)
Travelling expenses	(31,852)	(1,890)
Water and electricity	(12,805)	(8,273)
	<u>(460,529)</u>	<u>(324,348)</u>
Finance costs		
Interest accretion on asset retirement obligation	(2,819)	(2,583)
Interest expense on lease liabilities	(16,620)	(32,624)
	<u>(19,439)</u>	<u>(35,207)</u>
Loss before income tax	(540,026)	(155,406)
Income tax expense:		
- Current year	-	-
- Prior years over/(under) provision	5,080	(5,909)
- Deferred tax credit	360	1,531
- Withholding tax	(31,573)	(28,165)
Loss after income tax	<u>(566,159)</u>	<u>(187,949)</u>
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(566,159)</u>	<u>(187,949)</u>

Not Part Of Audited Financial Statements