

Company Registration No. 198703532E

ECU-Worldwide (Singapore) Pte. Ltd.

Annual Financial Statements
For the financial year ended 31 March 2021



ECU-Worldwide (Singapore) Pte. Ltd.

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ECU-Worldwide (Singapore) Pte. Ltd.

Directors' Statement

The directors are pleased to present their statement to the member together with the audited financial statements of ECU-Worldwide (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 March 2021.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date, and
- (b) at the date of this statement, with the continuing financial support from the immediate holding company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Udaya Kumar
Mohamedhusein Saleem Mohamed Nazir
Rachapudi Venkata Subramanya Brahmananda Sharma

Arrangement to enable directors to acquire shares and debentures

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

Directors' interest in shares and debentures

No director who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, interests in shares and share options of the Company, or of related corporations, either at the beginning or end of the financial year.

ECU-Worldwide (Singapore) Pte. Ltd.

Directors' Statement

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:



Rachapudi Venkata Subramanya Brahmananda Sharma
Director



Udaya Kumar
Director

Singapore

6 September 2021

ECU-Worldwide (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2021**

Independent Auditor's Report to the Member of ECU-Worldwide (Singapore) Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ECU-Worldwide (Singapore) Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the period 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 Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the period ended on that date.

Basis for opinion

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

Other information

Management is responsible for other information. The other information comprises directors' statement set out on pages 1 and 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 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.

ECU-Worldwide (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2021**

Independent Auditor's Report to the Member of ECU-Worldwide (Singapore) Pte. Ltd.

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

ECU-Worldwide (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 March 2021**

Independent Auditor's Report to the Member of ECU-Worldwide (Singapore) Pte. Ltd.

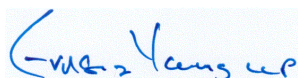
Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
6 September 2021

ECU-Worldwide (Singapore) Pte. Ltd.**Statement of Comprehensive Income
For the financial year ended 31 March 2021**

	Note	2021 \$	2020 \$
Sale of services	5	34,890,311	38,373,973
Cost of sales		(27,107,411)	(29,179,454)
Gross profit		7,782,900	9,194,519
Other income	6	79,296	71,270
		7,862,196	9,265,789
Costs and expenses			
Salaries and employee benefits	7	5,040,297	6,482,657
Depreciation	11,12	204,574	213,774
Other operating expenses		1,808,959	1,648,034
Finance cost	8	157,106	113,226
Total costs and expenses		7,210,936	8,457,691
Profit before taxation	9	651,260	808,098
Income tax expense	10	(22,117)	(194,957)
Profit for the period, representing total comprehensive income for the year		629,143	613,141

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

ECU-Worldwide (Singapore) Pte. Ltd.**Balance Sheet
As at 31 March 2021**

	Note	2021 \$	2020 \$
Non-current assets			
Property, plant and equipment	11	4,297,159	4,465,613
Right-of-use-asset	12	75,416	94,671
		<u>4,372,575</u>	<u>4,560,284</u>
Current assets			
Trade receivables	13	9,879,775	7,643,476
Other receivables	14	95,560	322,922
Prepayments		45,475	52,898
Cash and fixed deposits	15	139,119	610,188
		<u>10,159,929</u>	<u>8,629,484</u>
Current liabilities			
Trade payables	17	3,045,076	1,334,566
Contract liabilities	5	418,392	219,394
Bank overdrafts	16	257,116	—
Other payables	18	4,671,212	3,798,248
Loan from immediate holding company	19	1,521,433	3,382,244
Bank loan	20	2,146,035	2,356,246
Lease liabilities	12	18,695	18,122
Income tax payable		62,057	127,819
		<u>12,140,016</u>	<u>11,236,639</u>
Net current liabilities		<u>(1,980,087)</u>	<u>(2,607,155)</u>
Non-current liabilities			
Lease liabilities	12	57,974	76,669
Deferred tax liabilities	21	5,371	33,034
		<u>63,345</u>	<u>109,703</u>
Net assets		<u>2,329,143</u>	<u>1,843,426</u>
Equity attributable to equity holder of the Company			
Share capital	22	1,498,520	1,498,520
Retained earnings		830,623	344,906
Total equity		<u>2,329,143</u>	<u>1,843,426</u>

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

ECU-Worldwide (Singapore) Pte. Ltd.**Statement of Changes in Equity
For the financial year ended 31 March 2021**

	Share capital (Note 22) \$	Retained earnings \$	Total equity \$
At 1 April 2020	1,498,520	344,906	1,843,426
Profit net of tax, representing total comprehensive income for the period	—	629,143	629,143
Dividends paid on ordinary shares (Note 23)	—	(143,426)	(143,426)
At 31 March 2021	1,498,520	830,623	2,329,143
At 1 April 2019	1,498,520	731,765	2,230,285
Profit net of tax, representing total comprehensive income for the period	—	613,141	613,141
Dividends paid on ordinary shares (Note 23)	—	(1,000,000)	(1,000,000)
At 31 March 2020	1,498,520	344,906	1,843,426

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

ECU-Worldwide (Singapore) Pte. Ltd.**Cash Flow Statement****For the financial year ended 31 March 2021**

	Note	2021 \$	2020 \$
Operating activities			
Profit before taxation		651,260	808,098
Adjustments for:			
Depreciation of property, plant and equipment	11	185,319	212,169
Depreciation of right-of-use asset	12	19,255	1,605
Interest expense on bank loan	8	45,395	78,642
Interest expense on lease liabilities	12	2,698	250
(Reversal)/allowance for expected credit losses, net	13	(36,879)	53,620
Interest income	6	(31)	(15)
Operating cash flows before changes in working capital		867,017	1,154,369
(Increase)/decrease in trade and other receivables		(1,972,058)	400,066
Decrease/(increase) in prepayments		7,423	(2,417)
Increase in trade payables, other payables and contract liabilities		2,706,586	367,345
Cash flows from operations		1,608,968	1,919,363
Interest paid		(45,395)	(79,360)
Income taxes paid		(115,542)	(124,169)
Net cash flows generated from operating activities		1,448,031	1,715,834
Investing activities			
Purchase of property, plant and equipment	11	(16,865)	(31,957)
Dividends paid on ordinary shares	23	(143,426)	(1,000,000)
Net cash flows used in investing activities		(160,291)	(1,031,957)
Financing activities			
Repayment of bank loan	20	(210,211)	(191,325)
Repayment of interest portion of lease liabilities	12	(2,698)	(250)
Repayment of principal portion of lease liabilities	12	(18,122)	(1,485)
Increase/(decrease) in amounts due to related companies		75,886	(954,386)
(Repayment)/additional loan from immediate holding company		(1,860,811)	1,000,000
Net cash flows used in from financing activities		(2,015,956)	(147,446)
Net (decrease)/increase in cash and cash equivalents		(728,216)	536,431
Cash and cash equivalents at beginning of the year	15	603,953	67,522
Cash and cash equivalents at end of the year	15	(124,263)	603,953

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

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

1. Corporate information

ECU-Worldwide (Singapore) Pte. Ltd. (the "Company") which is incorporated and domiciled in Singapore, is a wholly-owned subsidiary of Ecuhold N.V., a company incorporated in Belgium. The ultimate holding company is Allcargo Global Logistics, a company incorporated and domiciled in India.

The Company is a private limited company with its registered office and principal place of business located at 237 Pandan Loop, #06-06 to #06-11, Westech Building, Singapore 128424.

The principal activities of the Company are to carry on the business of forwarders and carriers. There have been no significant changes in the nature of these activities during the financial year.

Related companies in these financial statements refer to members of Allcargo Global Logistics and the Ecuhold N.V. group of companies.

2. Fundamental accounting assumptions

As at 31 March 2021, the Company's current liabilities exceeded its current assets by \$1,980,087 (2020: \$2,607,155). This factor indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The financial statements of the Company have been prepared on going concern basis as the immediate holding company undertakes to provide continuing financial support to enable the Company to continue as a going concern and to meet its liabilities as and when they fall due within the next twelve months from the date of this report. Accordingly, the directors are of the view that the use of the going concern assumption is appropriate for the preparation of the financial statements of the Company.

3. Summary of significant accounting policies**3.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

3.2 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 financial periods beginning on or after 1 April 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.3 Standards issued but not yet effective**

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 109 <i>Financial Instruments</i> , FRS 39 <i>Financial Instruments: Recognition and Measurement</i> , FRS 107 <i>Financial Instruments: Disclosures</i> , FRS 104 <i>Insurance Contracts</i> , FRS 116 <i>Leases: Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to FRS 16 <i>Property, Plant and Equipment: Proceeds before intended Use</i>	1 January 2022
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contract – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS 110 <i>Consolidated Financial Statements</i> and FRS 28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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

3.4 Foreign currency

The Company's financial statements are presented in Singapore Dollars (SGD or \$), which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period is recognised in profit or loss.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.5 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Leasehold properties	-	50 years
Motor Vehicles	-	10 years
Furniture and fittings	-	3 years
Office equipment	-	3 years
Renovation	-	3 to 10 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 value may not be recoverable.

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

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

3.6 Leases

The Company assesses at contract inception or initial application date 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.

(i) Rights-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease or initial application date (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, as follows:

Office equipment	3 years
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ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.6 Leases (cont'd)****(i) Rights-of-use assets (cont'd)**

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. Refer to the accounting policies in section 3.7 *Impairment of non-financial assets*.

(ii) Lease liabilities

At the commencement date or initial application date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include 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 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 commencement date or initial application date of the lease because the interest rate implicit in the lease is not readily determinable. After the commencement date or initial application 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.

(iii) Short-term leases and leases of low-value assets

Company applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date or initial application date, and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment 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.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.7 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, 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 of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3.8 Financial instruments**(a) Financial assets****Initial recognition and measurement**

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

At initial recognition, the Company 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 fair value through profit or loss are expensed in profit or loss.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.8 Financial instruments (cont'd)****(a) Financial assets (cont'd)****Initial recognition and measurement (cont'd)**

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 – amortised cost

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

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 is recognised in profit or loss.

(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 fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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, and the difference in the respective carrying amounts is recognised in profit or loss.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.9 Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. 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 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.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand, and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

3.11 Provisions**General**

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 resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.12 Borrowing costs**

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

3.13 Employee benefits**(a) Defined contribution plans**

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 period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

3.14 Taxes**(a) Current income tax**

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

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

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.14 Taxes (cont'd)****(b) Deferred tax (cont'd)**

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 to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax 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.

(c) Sales tax

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

- Where the sales tax incurred in 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.

3.15 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 a 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 assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

3. Summary of significant accounting policies (cont'd)**3.15 Revenue recognition (cont'd)****Rendering of services**

Import and export services are recognised over time.

Import

Import services are consignments that are shipped from overseas into Singapore. This also includes consignments that are transiting in Singapore from overseas.

Export

Export services are consignments that are shipped from Singapore to overseas. This also includes consignments that are transiting in Singapore to its final destination.

3.16 Interest income

Interest income is recognised using the effective interest method.

3.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as a deduction in reporting the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised either by setting up the grant as deferred income on the statement of financial position or by deducting the grant in arriving at the carrying value of the asset. The grant is then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

3.18 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

4. Significant accounting judgements and estimates

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

4.1 Judgments made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying accounting policies.

4.2 Key source of estimation uncertainty*Leases – Estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. Sale of services**(a) Disaggregation of revenue**

	2021	2020
	\$	\$
Major service lines		
Export	21,952,624	24,362,952
Import	12,937,687	14,011,021
	<hr/> 34,890,311	<hr/> 38,373,973
Revenue recognition		
Over time	<hr/> 34,890,311	<hr/> 38,373,973

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****5. Sale of services (cont'd)****(b) Contract liabilities**

Information about receivables and contract liabilities from contracts with customers are disclosed as follows:

	31 March 2021	2020	1 April 2019
	\$	\$	\$
Trade receivables (Note 13)	9,879,775	7,643,476	8,380,889
Contract liabilities	418,392	219,394	122,083

Contract liabilities primarily relate to the Company's obligation to transfer services to customers for which the Company has received advances from customers. Contract liabilities are recognised as revenue as the Company performs under the contract.

Significant changes in contract liabilities are explained as follows:

	2021	2020
	\$	\$
Revenue recognised that was included in contract liabilities balance at the beginning of the year	219,394	122,083

6. Other income

	2021	2020
	\$	\$
Interest income	31	15
Administrative services rendered to a related company	65,559	71,255
Property tax rebate	13,706	–
	79,296	71,270

The Singapore Government had given remission of property tax (property tax rebates) under section 6(8) of the Property Tax Act (Cap. 254) to qualifying non-residential properties in response to the COVID-19 pandemic.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****7. Salaries and employee benefits**

	2021	2020
	\$	\$
Salaries and bonuses	5,212,104	5,581,905
Central Provident Fund contributions	387,650	406,971
Other personnel expenses	345,428	507,130
Government grants	(904,885)	(13,349)
	<u>5,040,297</u>	<u>6,482,657</u>

Government grants relate to Jobs Support Scheme, Wage Credit Scheme, Foreign worker levy waiver and rebate

The Jobs Support Scheme provides wage support to employers to help them retain their local employees during this period of economic uncertainty arising from the COVID-19 pandemic. Employers who have made CPF contributions for their local employees will qualify for the pay-outs under the scheme. The Company has determined this period to be from April 2020 to August 2021.

The Wage Credit Scheme provides co-funding support wage increases to employers affected by economic restructuring to manage rising labour costs. This support will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

The Foreign worker levy waiver and rebate are provided to business employers who hire foreign workers on work permits and S-passes to ease the labour costs of such firms.

8. Finance cost

	2021	2020
	\$	\$
Bank charges	109,013	34,334
Interest on bank loan	45,395	78,642
Interest on lease liabilities (Note 12)	2,698	250
	<u>157,106</u>	<u>113,226</u>

9. Profit before taxation

The following items have been included in arriving at profit before tax:

	2021	2020
	\$	\$
Depreciation of right-of-use asset (Note 12)	19,255	1,605
Depreciation of property, plant and equipment (Note 11)	185,319	212,169
(Reversal)/allowance for expected credit losses, net (Note 13)	(36,879)	43,924
Foreign exchange gain, net	411,657	(142,779)
Professional fees	96,946	113,780

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****10. Income tax expense**

The major components of income tax expense for the financial years ended 31 March are as follows:

	2021	2020
	\$	\$
Current income tax		
- Current year income tax	–	127,819
- Under provision in respect of prior years	49,780	67,138
	<u>49,780</u>	<u>194,957</u>
Deferred income tax		
- Origination and reversal of temporary differences (Note 21)	(27,663)	–
	<u>22,117</u>	<u>194,957</u>
Income tax expense recognised in profit or loss	<u>22,117</u>	<u>194,957</u>

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March are as follows:

	2021	2020
	\$	\$
Profit before tax	651,260	808,098
Tax at statutory rate of 17% (2020: 17%)	110,714	137,377
Adjustments:		
Expenses not deductible for tax purposes	7,021	24,110
Income not subject to tax	(145,791)	(1,243)
Effect of tax exemption and tax relief	–	(32,425)
Under provision in respect of prior years	49,780	67,138
Others	393	–
Income tax expense recognised in profit or loss	<u>22,117</u>	<u>194,957</u>

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****11. Property, plant and equipment**

	Leasehold properties \$	Motor vehicle \$	Furniture and fittings \$	Office equipment \$	Renovation \$	Computers \$	Total \$
Cost							
At 31 March 2019	5,315,033	219,000	183,066	90,233	584,082	276,733	6,668,147
Additions	–	–	–	649	–	31,308	31,957
Write off	–	–	–	–	–	(80,119)	(80,119)
At 31 March 2020	5,315,033	219,000	183,066	90,882	584,082	227,922	6,619,985
Additions	–	–	–	259	–	16,606	16,865
At 31 March 2021	5,315,033	219,000	183,066	91,141	584,082	244,528	6,636,850
Accumulated depreciation							
At 31 March 2019	894,699	118,625	180,795	87,072	498,919	242,212	2,022,322
Depreciation charge for the year	106,301	21,900	1,433	2,599	53,892	26,044	212,169
Write off	–	–	–	–	–	(80,119)	(80,119)
At 31 March 2020	1,001,000	140,525	182,228	89,671	552,811	188,137	2,154,372
Depreciation charge for the year	106,301	21,900	838	994	31,271	24,015	185,319
At 31 March 2021	1,107,301	162,425	183,066	90,665	584,082	212,152	2,339,691
Net book value							
At 31 March 2021	4,207,732	56,575	–	476	–	32,376	4,297,159
At 31 March 2020	4,314,033	78,475	838	1,211	31,271	39,785	4,465,613

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****11. Property, plant and equipment (cont'd)**Assets pledged as security

The Company's leasehold properties with a carrying amount of \$4,207,732 (2020: \$4,314,033) are mortgaged to secure the Company's bank loans (Note 20).

12. Leases***Company as a lessee***

The Company has a lease contract for office equipment used in its operations. Lease of office equipment has a lease term of 3 years.

Set out below are the carrying amounts of right-of-use asset recognised and the movements during the financial years:

	Office equipment \$
As at 1 April 2019	–
Additions	96,276
Depreciation	(1,605)
	<hr/>
As at 31 March 2020	94,671
Depreciation	(19,255)
	<hr/>
As at 31 March 2021	<hr/> 75,416 <hr/>

Set out below are the carrying amounts of lease liabilities and the movements during the financial years:

	\$
As at 1 April 2019	
Additions	96,276
Accretion of interest	250
Payments	(1,735)
	<hr/>
As at 31 March 2020	94,791
Accretion of interest	2,698
Payments	(20,820)
	<hr/>
As at 31 March 2021	<hr/> 76,669 <hr/>
Current	18,695
Non-current	57,974
	<hr/>
As at 31 March 2021	<hr/> 76,669 <hr/>

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****12. Leases (cont'd)**

The following are the amounts recognised in profit or loss:

	2021	2020
	\$	\$
Depreciation expense of right-of-use assets	19,255	1,605
Interest expense on leases liabilities	2,698	250
Expenses relating to short-term leases not capitalised	–	23,100
Total amount recognised in profit or loss	21,953	24,955

The Company had total cash outflows for leases of \$20,820 (2020: \$24,735).

The reconciliation of lease liabilities arising from financing activities is as follows:

	1 April 2020	Non-cash changes				31 March 2021
	\$	Cash flows	Accretion of interests	New leases	Others	\$
Lease liabilities						
Current	18,122	(20,820)	2,698	–	18,695	18,695
Non-current	76,669	–	–	–	(18,695)	57,974
Total	94,791	(20,820)	2,698	–	–	76,669

	1 April 2019	Non-cash changes				31 March 2020
	\$	Cash flows	Accretion of interests	New leases	Others	\$
Lease liabilities						
Current	–	(1,735)	250	18,075	1,532	18,122
Non-current	–	–	–	78,201	(1,532)	76,669
Total	–	(1,735)	250	96,276	–	94,791

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****13. Trade receivables**

	2021	2020
	\$	\$
Trade receivables:		
Third parties	4,528,060	4,050,756
Ultimate holding company	444,838	86,829
Immediate holding company	18,791	4,733
Related companies	4,888,086	3,501,158
	<hr/>	<hr/>
Total trade receivables	9,879,775	7,643,476
Other receivables (Note 14)	95,560	322,922
	<hr/>	<hr/>
Total trade and other receivables	9,975,335	7,966,398
Add: Cash and fixed deposits (Note 15)	139,119	610,188
Less: Sales tax receivables	(9,766)	(7,251)
	<hr/>	<hr/>
Total financial assets carried at amortised cost	10,104,688	8,569,335
	<hr/>	<hr/>

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

Amounts due to ultimate holding company, immediate holding company and related companies are trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Sales to related companies are made at terms equivalent to those prevailing in arm's length transactions with third parties.

Trade receivables denominated in a foreign currency at 31 March is as follows:

	2021	2020
	\$	\$
United States Dollars	6,635,408	4,202,109
	<hr/>	<hr/>

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	2021	2020
	\$	\$
Movement in allowance accounts:		
At 1 April	279,635	235,711
(Reversal)/allowance, net	(36,879)	53,620
Written off	(13,655)	(9,696)
	<hr/>	<hr/>
At 31 March	229,101	279,635
	<hr/>	<hr/>

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****14. Other receivables**

	2021	2020
	\$	\$
Deposits	26,613	24,530
Government grant receivables	64,947	293,392
Others	4,000	5,000
	<u>95,560</u>	<u>322,922</u>

Government grant receivables pertain to benefits from the Job Support Scheme under the various budgets and Ministerial Statements announced during the financial year ended 31 March 2021. These grants are to be recognised as income over the period of economic uncertainty. The Company has determined this period to be from April 2020 to August 2021.

15. Cash and fixed deposits

	2021	2020
	\$	\$
Cash at bank	132,853	603,953
Fixed deposits	6,266	6,235
Total cash and fixed deposits	<u>139,119</u>	<u>610,188</u>
Less: Fixed deposits	(6,266)	(6,235)
Bank overdrafts (Note 16)	(257,116)	–
Cash and cash equivalents	<u>(124,263)</u>	<u>603,953</u>

The weighted average interest rates relating to cash and cash equivalents was 0.10% (2020: 0.25%) per annum.

Cash and cash equivalents denominated in a foreign currency at 31 March is as follows:

	2021	2020
	\$	\$
United States Dollars	104,402	455,209

16. Bank overdrafts

The bank overdrafts as at 31 March 2021, are denominated in Singapore Dollar and bear interest rate of 5.25% (2019: Nil) per annum. The bank overdraft facilities are secured by an existing first legal mortgage over the Company's leasehold properties as disclosed in Note 11.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****17. Trade payables**

	2021	2020
	\$	\$
Trade payables:		
Third parties	1,234,897	245,051
Ultimate holding company	13,262	36
Related companies	1,796,917	1,089,479
Total trade payables	3,045,076	1,334,566
Add: Bank overdraft (Note 16)	257,116	–
Other payables (Note 18)	4,671,212	3,798,248
Loan from immediate holding company (Note 19)	1,521,433	3,382,244
Bank loan (Note 20)	2,146,035	2,356,246
Total financial liabilities carried at amortised cost	11,640,872	10,871,304

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Amounts due to ultimate holding company and related companies are trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Purchases from related companies are made at terms equivalent to those prevailing in arm's length transactions with third parties.

Trade payables denominated in a foreign currency at 31 March is as follows:

	2021	2020
	\$	\$
United States Dollars	106,203	78,967

18. Other payables

	2021	2020
	\$	\$
Accruals	3,500,988	2,708,529
Amounts due to related companies	1,152,934	1,077,048
Others	17,290	12,671
	4,671,212	3,798,248

Amounts due to related companies are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

19. Loan from immediate holding company

Loan from immediate holding company is extended for working capital purposes, unsecured, non-interest bearing and repayable on demand and is to be settled in cash.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****20. Bank loan**

The loan is repayable over 240 monthly instalments as follows:

	2021	2020
	\$	\$
Payable within 12 months	213,342	204,403
Payable after 12 months	1,932,693	2,151,843
	<u>2,146,035</u>	<u>2,356,246</u>

The loan bears interest at 1.35% (2020: 1.35%) per annum above the prevailing 3-month SIBOR and is secured by the Company's leasehold properties (Note 11). During the period, interest rates ranged from 1.756% to 3.118% (2020: 3.300% to 3.357%) per annum.

In addition to the basic loan terms and specific clauses defining default events, the above bank loan also includes an overriding repayment on demand clause which gives the lender the right to demand repayment at any time at their sole discretion irrespective of whether a default event has occurred.

	1 April	Cash flows	31 March
	\$	\$	\$
2021			
Bank loan			
Current	2,356,246	(210,211)	2,146,035
			<u>2,146,035</u>
2020			
Bank loan			
Current	2,547,571	(191,325)	2,356,246
			<u>2,356,246</u>

21. Deferred tax liabilities

Movement in deferred tax liabilities during the financial year were as follows:

	1 April	Recognised	31 March	Recognised	31 March
	2019	in profit or	2020/1 April	in profit or	2021
	\$	loss	2020	loss	\$
Deferred tax liabilities					
Excess of net book value over tax written down value of fixed assets	33,034	—	33,034	(27,663)	5,371
	<u>33,034</u>	<u>—</u>	<u>33,034</u>	<u>(27,663)</u>	<u>5,371</u>

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****22. Share capital**

	2021		2020	
	No. of shares	\$	No. of shares	\$
Ordinary shares				
<i>Issued and fully paid:</i>				
Balance at end of year/period	1,498,520	1,498,520	1,498,520	1,498,520

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.

23. Dividends

	2021	2020
	\$	\$
Declared and paid during the financial year:		
<i>Interim exempt (one-tier) dividends on ordinary shares:</i>		
- Interim exempt (one-tier) dividend for 2021: 9.6 cents (2020: 66.7 cents)	143,426	1,000,000

24. Related party transactions**(a) Sales and purchase of services**

In addition to the related companies information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related companies took place during the financial year at terms agreed between the parties that are at arm's length:

	2021	2020
	\$	\$
Transactions with related companies:		
Sale of services	14,164,966	14,458,078
Cost of services	6,851,388	7,751,854
Network support fee to related company	511,403	490,553
Transactions with ultimate holding company:		
Sale of services	1,244,668	639,293
Cost of services	294,439	320,745

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****24. Related party transactions (cont'd)****(b) Compensation of key management personnel**

	2021	2020
	\$	\$
Salaries, bonuses and fees	1,808,880	1,700,523
Central Provident Fund contributions	140,746	127,319
Other benefits	318,256	131,162
	<hr/>	<hr/>
Total compensation paid to key management personnel	2,267,882	1,959,004
	<hr/>	<hr/>
Comprise amounts paid to:		
– Directors of the Company	780,990	671,682
– Other key management personnel	1,486,892	1,287,322
	<hr/>	<hr/>
	2,267,882	1,959,004
	<hr/>	<hr/>

25. Financial risk management objectives and policies

The main risks arising from the Company's operations are credit risk, liquidity risk, interest rate risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. 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.

(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 receivables and other receivables. For cash and fixed deposits, the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

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 the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Company's historical information.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****25. Financial risk management objectives and policies (cont'd)****(a) Credit risk (cont'd)**

Additionally, the Company determined that its financial assets are credit-impaired when:

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

Financial assets are written off when there is no reasonable expectation of recovery. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables

The Company provides for lifetime expected credit losses for all trade receivables using 12-month expected credit loss. The provision rates are determined based on the Company's historical observed default rates analysed based on geographical region. The expected credit losses also incorporate forward looking information.

Given (i) the customers of the Company are mainly well-known and established organisations and there was no history of default in prior years; and (ii) no adverse change in the business environment is anticipated, the directors of the Company considered the default rate of financial assets to be approximately 3.00% (2020: 3.51%), for all ageing bands. Provision for expected credit losses for the year-ended is disclosed in Note 13.

Credit risk concentration profile

The Company determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Company's trade receivables at the balance sheet date is as follows:

	2021		2020	
	\$	% of total	\$	% of total
By country/region:				
Singapore	3,763,973	38	3,694,597	48
United States of America	836,116	8	238,874	3
Europe	941,976	10	814,787	11
China	544,879	6	177,301	2
India	470,749	5	467,884	6
Others	3,322,082	33	2,250,033	30
	9,879,775	100	7,643,476	100

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****25. Financial risk management objectives and policies (cont'd)****(a) Credit risk (cont'd)**Other receivables

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. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

(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 objective is to maintain a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

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

	Carrying amount	Contractual cash flows	One year or less	One to five years	Over five years
31 March 2021	\$	\$	\$	\$	\$
Financial assets					
Trade receivables	9,870,009	9,870,009	9,870,009	—	—
Other receivables	95,560	95,560	95,560	—	—
Cash and fixed deposits	139,119	139,119	139,119	—	—
Total undiscounted financial assets	10,104,688	10,104,688	10,104,688	—	—
Financial liabilities					
Trade payables	3,045,076	3,045,076	3,045,076	—	—
Other payables	4,671,212	4,671,212	4,671,212	—	—
Loan from immediate holding company	1,521,433	1,521,433	1,521,433	—	—
Bank loan	2,146,035	2,452,595	272,511	1,090,042	1,090,042
Bank overdraft	257,116	257,116	257,116	—	—
Lease liabilities	76,669	81,545	20,820	60,725	—
Total undiscounted financial liabilities	11,717,541	12,028,977	9,788,168	1,150,767	1,090,042
Total net undiscounted financial (liabilities)/assets	(1,612,853)	(1,924,289)	316,520	(1,150,767)	(1,090,042)

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021****25. Financial risk management objectives and policies (cont'd)****(b) Liquidity risk (cont'd)****Analysis of financial instruments by remaining contractual maturities (cont'd)**

31 March 2020	Carrying amount \$	Contractual cash flows \$	One year or less \$	One to five years \$	Over five years \$
Financial assets					
Trade receivables	7,636,225	7,636,225	7,636,225	—	—
Other receivables	322,922	322,922	322,922	—	—
Cash and fixed deposits	610,188	610,188	610,188	—	—
Total undiscounted financial assets	8,569,335	8,569,335	8,569,335	—	—
Financial liabilities					
Trade payables	1,334,566	1,334,566	1,334,566	—	—
Other payables	3,798,248	3,798,248	3,798,248	—	—
Loan from immediate holding company	3,382,244	3,382,244	3,382,244	—	—
Bank loan	2,356,246	2,779,182	277,918	1,111,673	1,389,591
Lease liabilities	94,791	102,365	20,820	81,545	—
Total undiscounted financial liabilities	10,966,095	11,396,605	8,813,796	1,193,218	1,389,591
Total net undiscounted financial liabilities	(2,396,760)	(2,827,270)	(244,461)	(1,193,218)	(1,389,591)

(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 exposure to interest rate risk arises primarily from its bank loans.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (31 March 2020: 100) basis points lower/higher with all other variables held constant, the Company's profit before tax would have been \$21,460 (2020: \$23,562) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

ECU-Worldwide (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 March 2021**

25. Financial risk management objectives and policies (cont'd)**(d) Foreign currency risk**

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company. The foreign currency in which these transactions are denominated is mainly US Dollars ("USD"). Approximately 54% (2020: 52%) of the Company's sales are denominated in USD whilst almost 39% (2020: 48%) of cost of sales are denominated in USD. The Company's trade receivable and trade payables balances at the balance sheet date have similar exposures.

The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. Further details are disclosed in Note 15.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonably possible change in the USD exchange rate with all other variables held constant.

		Profit net of tax	
		2021	2020
		\$	\$
USD/SGD	- strengthened 1.1% (2020: 0.6%)	54,247	16,314
	- weakened 1.1% (2020: 0.6%)	(54,247)	(16,314)

26. Fair values of assets and liabilities

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

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and fixed deposits, trade and other receivables, trade and other payables, loan from immediate holding company, bank loans based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

The fair value of lease liabilities is estimated by discounting expected cash outflow at effective interest rate at the end of the reporting period.

ECU-Worldwide (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 March 2021**

27. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2021 and 31 March 2020.

28. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 6 September 2021.