

Company Registration No: 201334603N



**STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)**

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS**

31 MARCH 2020

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

31 MARCH 2020

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STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The directors present their statement to the shareholder together with the audited financial statements of Sterling and Wilson Singapore Pte. Ltd. (the "Company") for the financial year ended 31 March 2020.

1 Opinion of the directors

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Company for the year then ended; 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 as the immediate holding company has agreed to provide continuing financial support to the Company to meet its obligations as and when they fall due.

2 Directors

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

Padmakumar Unnikrishnan
Neville Dinsha Madan

3 Arrangements to Enable Directors to Acquire Shares or Debentures

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

4 Directors' Interests in Shares or Debentures

None of the directors of the Company holding office at the reporting date had any interest in the shares or debentures of the Company or any related corporations either at the beginning or end of financial year.

5 Share Options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

STERLING AND WILSON SINGAPORE PTE. LTD.
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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020


6 Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,



.....
Padmakumar Unnikrishnan
Director



.....
Neville Dinsha Madan
Director

Singapore
2 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF**STERLING AND WILSON SINGAPORE PTE. LTD.**
(Incorporated in Singapore)**Report on the audit of Financial Statements****Opinion**

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *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 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 AUDITOR'S REPORT TO THE SHAREHOLDER OF

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

(cont'd)

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 Responsibility 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.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

(cont'd)

Auditor's Responsibility 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.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
2 June 2020

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Revenue	4	-	-
Operating expenses		-	(20,323)
Administrative expenses		(52,317)	(100,495)
Loss before income tax	5	<u>(52,317)</u>	<u>(120,818)</u>
Income tax	6	-	-
Loss for the year		<u>(52,317)</u>	<u>(120,818)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(52,317)</u>	<u>(120,818)</u>

The accompanying notes form an integral part of these financial statements

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
ASSETS			
Non-current Asset			
Investment in a subsidiary	7	5,271	5,271
Current Assets			
Other receivables	8	15,452	19,119
Cash and cash equivalents	9	33,383	86,275
		<u>48,835</u>	<u>105,394</u>
Total Assets		<u>54,106</u>	<u>110,665</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	50,000	50,000
Accumulated losses		<u>(220,167)</u>	<u>(167,850)</u>
		<u>(170,167)</u>	<u>(117,850)</u>
Current Liabilities			
Other payables	11	7,023	21,941
Amount due to immediate holding company	12	217,250	206,574
		<u>224,273</u>	<u>228,515</u>
Total Equity and Liabilities		<u>54,106</u>	<u>110,665</u>

The accompanying notes form an integral part of these financial statements

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Share capital</u> S\$	<u>Accumulated losses</u> S\$	<u>Total</u> S\$
Balance as at 1 April 2019	50,000	(167,850)	(117,850)
Loss for the year	-	(52,317)	(52,317)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(52,317)	(52,317)
Balance as at 31 March 2020	<u>50,000</u>	<u>(220,167)</u>	<u>(170,167)</u>
Balance as at 1 April 2018	50,000	(47,032)	2,968
Loss for the year	-	(120,818)	(120,818)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(120,818)	(120,818)
Balance as at 31 March 2019	<u>50,000</u>	<u>(167,850)</u>	<u>(117,850)</u>

The accompanying notes form an integral part of these financial statements

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Cash Flows from Operating Activities			
Loss before income tax		(52,317)	(120,818)
Adjustments for:			
Unrealised exchange loss		10,669	4,355
Operating cash flow before working capital changes		<u>(41,648)</u>	<u>(116,463)</u>
Changes in working capital:			
Other receivables		3,667	(19,119)
Other payables		<u>(14,918)</u>	<u>15,691</u>
Net cash used in operating activities		<u>(52,899)</u>	<u>(119,891)</u>
Cash Flows from Financing Activities			
Advances from immediate holding company		-	172,254
Net cash generated from financing activities		<u>-</u>	<u>172,254</u>
Net (decrease)/increase in cash and cash equivalents		(52,899)	52,363
Cash and cash equivalents at the beginning of the year		86,275	31,433
Effect of changes on the balance of cash and cash equivalents held in foreign currencies		7	2,479
Cash and cash equivalents at the end of the year		<u>33,383</u>	<u>86,275</u>

The accompanying notes form an integral part of these financial statements

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

1 General Information

Sterling and Wilson Singapore Pte. Ltd. (the “Company”) is a private limited company incorporated and domiciled in Singapore. The registered address of the Company and its principal place of business is located at 33 Ubi Avenue 3, #08-68 Vertex, Singapore 408868.

The principal activity of the Company is that of an investment holding company, and engagement in engineering, procurement and construction. The principal activities of the subsidiary are set out in Note 7.

The Company is a wholly-owned subsidiary of Sterling & Wilson International Solar FZCO, a company incorporated in United Arab Emirates. The Company’s ultimate controlling party is Shapoorji Pallonji and Company Private Limited, a company incorporated in India.

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

2 Summary of Significant Accounting Policies

(a) Going Concern

The Company incurred a net loss and total comprehensive loss of S\$52,317 (2019: S\$120,818) and has a net cash outflow from operating activities of S\$52,899 (2019: S\$119,891) for the financial year ended 31 March 2020. As at 31 March 2020, the Company’s current and total liabilities exceeded its current and total assets by S\$175,438 (2019: S\$123,121) and S\$170,167 (2019: S\$117,850) respectively. These factors indicate 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 a going concern basis as the immediate holding company has undertaken to provide continuing financial support to enable the Company to meet its obligation as and when they fall due.

(b) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Financial Reporting Standards in Singapore (“FRS”). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

STERLING AND WILSON SINGAPORE PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2 Summary of Significant Accounting Policies (cont'd)

(b) Basis of Preparation (cont'd)

The preparation of financial statements in conformity with FRS requires management to exercise their judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving higher degree of judgment or complexity are disclosed in Note 3.

(c) Adoption of New/Revised Financial Reporting Standards in Singapore

Adoption of New/Revised FRS which are effective

The Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

Adoption of New/Revised FRS which are not yet effective

At the date of the financial statements, the following new or revised standards have been issued and relevant to the Company but not yet effective:

	Effective for accounting periods beginning on or after
Amendments to FRS 1 and FRS 8 <i>Definition of Materials</i>	1 January 2020
Amendments to FRS 103 <i>Definition of Business</i>	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards (January 2019)	1 January 2020

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

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2 Summary of Significant Accounting Policies (cont'd)

(d) Investment in a Subsidiary

A subsidiary is an entity (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidated financial statements of the Company and its subsidiary have not been prepared as:

- (i) the Company is itself a wholly-owned subsidiary of Sterling & Wilson International Solar FZCO, a company incorporated in the United States of Emirates;
- (ii) the Company's debt or equity instruments are not traded in a public market;
- (iii) the Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- (iv) Sterling & Wilson International Solar FZCO produces consolidated financial statements which are available for public use. The immediate holding company's registered address is at Dubai Airport Free Zone, 5WA419, P.O. Box 54811, Dubai, United Arab Emirates.

Investment in a subsidiary is stated in the Company's statement of financial position at cost less any impairment losses. An assessment of the investment in a subsidiary is performed when there is an indication that the investment may have been impaired.

STERLING AND WILSON SINGAPORE PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2 Summary of Significant Accounting Policies (cont'd)

(e) Functional and Foreign Currencies

Functional and presentation currency

The financial statements of the Company are presented in Singapore dollars (“S\$”), which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the Company’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(f) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Financial Assets

i. 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 not a fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the 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.

STERLING AND WILSON SINGAPORE PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial Assets (cont'd)

ii. Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL. The Company only has debt instruments at amortised costs.

The Company's financial assets measured at amortised cost comprise of "other receivables" and "cash and cash equivalents" in the statement of financial position.

iii. Impairment

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

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

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

The Company considers a financial asset in default when contractual payments are 60 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.

STERLING AND WILSON SINGAPORE PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2 Summary of Significant Accounting Policies (cont'd)

(g) Financial Assets (cont'd)

iv. Derecognition

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

(h) Financial Liabilities

i. Initial recognition and measurement

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

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

Financial liabilities are presented as “other payables” and “amount due to immediate holding company” on the statement of financial position.

ii. Subsequent measurement

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

iii. Derecognition

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

(i) Impairment of Non-financial Assets

Non-financial assets are tested for impairment whenever there is any indication that these assets may be impaired.

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial 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), on an individual asset.

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2 Summary of Significant Accounting Policies (cont'd)

(i) Impairment of Non-financial Assets (cont'd)

Where 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(k) Income Tax

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

STERLING AND WILSON SINGAPORE PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2 Summary of Significant Accounting Policies (cont'd)

(k) Income Tax (cont'd)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) 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 the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax 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 a net basis.

The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in Note 2 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

STERLING AND WILSON SINGAPORE PTE. LTD.
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical Judgements in Applying Accounting Policies

In the process of applying the Company's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed below.

Impairment loss on investment in a subsidiary

Management exercises their judgement in estimating recoverable amount of its investment in a subsidiary. The recoverable amount of the investment in a subsidiary is reviewed at the end of each reporting period to determine whether there is any indication that the investment in a subsidiary has suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use.

No impairment loss has been recognised for the investment in a subsidiary for the financial years ended 31 March 2020 and 2019. The carrying amount of investment in a subsidiary is disclosed in Note 7.

(b) Key sources of estimation uncertainty

In the preparation of these financial statements, there were no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Revenue

The Company did not generate any revenue during the financial years ended 31 March 2020 and 2019.

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5 Loss before Income Tax

	<u>2020</u> S\$	<u>2019</u> S\$
This is arrived at after charging: Included in administrative expenses:		
- Audit fees	5,618	14,597
- Secretarial fees	4,964	2,171
- Rent expenses	9,330	18,433
- Retainer fees	1,051	42,160
- Foreign exchange loss – unrealised	10,669	3,930
	<u>10,669</u>	<u>3,930</u>

6 Income Tax

	<u>2020</u> S\$	<u>2019</u> S\$
Current income tax	-	-

The reconciliation of the current year's tax expense and the product of accounting loss multiplied by the Singapore statutory tax rate of 17% (2019: 17%) are as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Loss before income tax	(52,317)	(120,818)
Income tax at the statutory tax rate	(8,894)	(20,539)
Non-deductible expenses*	8,894	20,539
	-	-

* This represents the tax losses which are not allowed for offsetting against future taxable profits.

7 Investment in a Subsidiary

	<u>2020</u> S\$	<u>2019</u> S\$
Unquoted equity shares, at cost	<u>5,271</u>	<u>5,271</u>

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7 Investment in a Subsidiary (cont'd)

The details of the subsidiary of the Company are as follows:

Name of subsidiary and country of <u>incorporation</u>	Principal activities and <u>country of operation</u>	<u>Cost of investment</u>		Effective interest held by <u>the Company</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		S\$	S\$	%	%
Sterling and Wilson Kazakhstan LLP Republic of Kazakhstan	Construction and energy distribution Republic of Kazakhstan	5,271	5,271	100	100

8 Other Receivables

	<u>2020</u> S\$	<u>2019</u> S\$
Deposits	15,452	15,452
Prepayments	-	3,667
	<u>15,452</u>	<u>19,119</u>

9 Cash and Cash Equivalents

	<u>2020</u> S\$	<u>2019</u> S\$
Cash at bank, as per statement of cash flows	<u>33,383</u>	<u>86,275</u>

These are denominated in the following currencies:

	<u>2020</u>	<u>2019</u>
Singapore dollar	2,320	11,337
United States dollar	31,063	74,938
	<u>33,383</u>	<u>86,275</u>

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10 Share Capital

	<u>2020</u>		<u>2019</u>	
	No. of ordinary shares	S\$	No. of ordinary shares	S\$
<u>Issued and fully paid:</u>				
At the beginning and end of the year	50,000	50,000	50,000	50,000

The ordinary shares of the Company do not have any par value. 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.

11 Other Payables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Accrued operating expenses	7,023	21,941

12 Amount Due to Immediate Holding Company

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

These are denominated in United States dollar.

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

	<u>Cash flows</u>			
	<u>1 April</u>	<u>Proceeds</u>	<u>Other changes</u>	<u>31 March</u>
	S\$	S\$	S\$	S\$
<u>2020</u>				
Amount due to immediate holding company	206,574	-	10,676	217,250
<u>2019</u>				
Amount due to immediate holding company	27,486	172,254	6,834	206,574

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13 Related Party Transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements (“reporting entity”).

Parties are considered to be related if (a) a person or a close member of that person’s family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (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; (viii) the entity or any member of a group of which it is a part, provides key management personnel services to the reporting entity.

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties during the financial year at terms agreed between the parties:

Transactions with related parties

	<u>2020</u> S\$	<u>2019</u> S\$
<u>With immediate holding company</u>		
Funds from immediate holding company	-	172,254

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company.

The remuneration of a director, who is also the key management personnel of the Company is as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Director’ fee	10,000	10,000

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14 Financial Risk Management

The Company's activities exposure it to a variety of currency risk, credit risk, liquidity risk and capital risk. The financial risk management of the Company is managed by the holding company as part of the operations of the group. Generally, the Company seeks to minimise the potential adverse effects from these exposures by adopting conservative strategies on its financial risk management.

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

(a) Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk when transactions and balances are denominated in currencies other than the functional currency. The currency giving rise to this risk is primarily the United States dollar ("USD").

The Company has not entered into any forward currency contracts or any hedging instruments to manage the currency risk. However, the management constantly monitors the currency rates to ensure the Company's exposure is within an acceptable level.

The Company's currency exposures based on the information provided by key management are as follow:

	SGD S\$	USD S\$	Others S\$	Total S\$
2020				
<u>Financial assets</u>				
Other receivables (excluding prepayments)	-	-	15,452	15,452
Cash and cash equivalents	2,320	31,063	-	33,383
	<u>2,320</u>	<u>31,063</u>	<u>15,452</u>	<u>48,835</u>
<u>Financial assets</u>				
Other payables	7,023	-	-	7,023
Amount due to immediate holding company	-	217,250	-	217,250
	<u>7,023</u>	<u>217,250</u>	<u>-</u>	<u>224,273</u>
Net financial liabilities	(4,703)	(186,187)	15,452	(175,438)
Add: Net financial liabilities denominated in its functional currency	4,703	-	-	4,703
Currency exposures	<u>-</u>	<u>(186,187)</u>	<u>15,452</u>	<u>(170,735)</u>

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14 Financial Risk Management (cont'd)

(a) Currency risk (cont'd)

	SGD S\$	USD S\$	Others S\$	Total S\$
2019				
<u>Financial assets</u>				
Other receivables (excluding prepayments)	-	-	15,452	15,452
Cash and cash equivalents	11,337	74,938	-	86,275
	<u>11,337</u>	<u>74,938</u>	<u>15,452</u>	<u>101,727</u>
<u>Financial assets</u>				
Other payables	16,348	-	5,593	21,941
Amount due to immediate holding company	-	206,574	-	206,574
	<u>16,348</u>	<u>206,574</u>	<u>5,593</u>	<u>228,515</u>
Net financial liabilities	(5,011)	(131,636)	9,859	(126,788)
Add: Net financial liabilities denominated in its functional currency	5,011	-	-	5,011
Currency exposures	<u>-</u>	<u>(131,636)</u>	<u>9,859</u>	<u>(121,777)</u>

If the SGD change against the USD by 5% with all other variables including tax rates being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	Increase/(Decrease)	
	Loss before tax S\$	Loss before tax S\$
USD against SGD		
- strengthened	9,309	6,582
- weakened	<u>(9,309)</u>	<u>(6,582)</u>

(b) Credit risk

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

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14 Financial Risk Management (cont'd)

(b) 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, or there is significant difficulty of the counterparty.

Cash and cash equivalents and other financial assets

Cash and cash equivalents are placed with banks and financial institutions which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was immaterial.

For the purpose of impairment assessment, other receivables (Note 8) are considered to have low credit risk as there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL which reflects the low credit risk of the exposures. There is no loss allowance arising from these outstanding balances as the expected credit losses are not material. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Credit risk grading guideline

The Company's management has established the Company's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Company's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss ("ECL")
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired.	Lifetime ECL (credit-impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

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14 Financial Risk Management (cont'd)

(b) Credit risk (cont'd)

Credit risk exposure and significant credit risk concentration

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<u>31 March 2020</u>					
Other receivables*	Performing	12-month ECL	15,452	-	15,452
<u>31 March 2019</u>					
Other receivables*	Performing	12-month ECL	15,452	-	15,452

* Excluded prepayment

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As disclosed in Note 2(a), the holding company has agreed to provide continuing financial support to the Company to enable the Company to meet its obligations as and when they fall due.

The carrying amounts of the financial liabilities with a maturity of less than one year, which are "other payables" and "amount due to immediate holding company", are equivalent to the contractual undiscounted cash flows amounts.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, issue new shares or obtain new borrowings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2020 and 2019.

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14 Financial Risk Management (cont'd)

(d) Capital risk (cont'd)

In the management of capital risk, management takes into consideration the net debt equity ratios as well as the Company's working capital requirement. The net debt against equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities less cash and cash equivalents. Total equity comprises of share capital and reserves attributable to equity holders of the Company.

	<u>2020</u> S\$	<u>2019</u> S\$
Net debt	190,890	142,240
Total equity	<u>(170,167)</u>	<u>(117,850)</u>
Net debt against total equity ratio	<u>N.M.</u>	<u>N.M.</u>

N.M. – Not meaningful as the Company is in shareholder's deficit position.

The Company's overall strategy remains unchanged from prior year. The Company does not have any external imposed capital requirements for the financial years ended 31 March 2020 and 2019.

15 Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.