

**Audited Financial Statements
And Other Financial Information**

KESTONE CL ASIA HUB PTE. LTD.
(Incorporated in Singapore)
(Company Registration No.: 200715067R)

31ST MARCH 2023

**Audited Financial Statements
And Other Financial Information**

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31ST MARCH 2023

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KESTONE CL ASIA HUB PTE. LTD.
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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Kestone CL Asia Hub Pte. Ltd. (the "Company") for the financial year ended 31st March 2023.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements of the Company, together with the notes thereto, are drawn up so as to give a true and fair view of the balance sheet of the Company as at 31st March 2023 and the financial performance, changes in equity and cash flows of the Company for the financial 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.

2. DIRECTORS

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

Debapriya Dasgupta
Gautam Puri
Nikhil Mahajan
Satya Narayanan Ramakrishnan

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisitions of shares or debentures of the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

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4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year and their interests in the shares capital of the Company as recorded in the register of directors' shareholdings were as follows:

<u>Name of directors</u>	<u>At beginning of financial year</u> (No. of ordinary share)	<u>At end of financial year</u>
Debapriya Dasgupta	100	100
Nikhil Mahajan	-	85,000

According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Kestone CL Asia Hub Employee Share Options Plan as set out below and under "Share Options" below

<u>Name of director</u>	<u>At beginning of financial year</u> (No. of unissued ordinary shares under option)	<u>At end of financial year</u>
<u>Nikhil Mahajan</u> 2023 Options	-	170,000

KESTONE CL ASIA HUB PTE. LTD.
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5. SHARE OPTIONS

(a) Kestone CL Asia Hub Employee Share Options Plan

The Kestone CL Asia Hub Employee Share Options Plan (the “ESOP Plan”) for key management personnel of the Company was approved by members of the Company at an Extraordinary General Meeting on 29th September 2020. The adoption of the ESOP Plan under which options to subscribe for up to 10% of the total ordinary shares of the Company (“Options”), outstanding at any point of time, on a fully diluted basis, will be granted to selected advisors, directors, employees (full time or otherwise), consultants or independent contractors of the Company and/or its Holding Company and/or its Subsidiary, be and is hereby approved and confirmed.

The ESOP Plan provides an opportunity for selected Key Persons to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Company and promoting organizational commitment, dedication and loyalty towards the Company.

Under the ESOP Plan, each grant shall vest into 3 equal vesting over a period of 3 years, with 1st vesting happening after a time gap of 1 year from the respective grant. Unless otherwise specified in the Grant Letter, Vested Options must be exercised prior to the earliest of the following dates; (a) Thirty-six (36) months from the Vesting Date; or (b) Twelve (12) months following the death of the Grantee or termination due to the disability or retirement.

As the Kestone CL Asia Hub Pte. Ltd. is not listed on any recognized stock exchange therefore there is no quoted price available for equity shares of the Company. The Company has appointed “Raghav Agarwal”, a registered Valuer with the Insolvency & Bankruptcy Board of India with Registration Number IBBI/RV/06/2018/10152 for evaluation of fair value of Employee Share Options.

The grantee, upon receiving the New Share, shall be deemed to have irrevocably and unconditionally assigned all the voting rights and information rights attached to such Shares. The Company has no legal or constructive obligation to repurchase or settle the options in cash. However, without prejudice to any Rules in this ESOP Plan, the Company shall be entitled to (a) buy back all/part of the Shares which have been exercised/ or Vested Options; and/or (b) forfeit and/or cancel all/part of the unvested Options and Vested Options.

On 13rd March 2023, the Company granted options to Mr. Nikhil Mahajan approved by members of the Company at an Extraordinary General Meeting. Mr. Nikhil Mahajan had been granted 255,000 ordinary shares at SGD0.0144 per shares (“2023 options”) on 01st April 2022, which were to vest in him in 3 equal installments of 85,000 ordinary shares each. Mr. Nikhil Mahajan has exercised his 1st vested options of 85,000 ordinary shares by paying an amount of SGD1,224.00 to the Company.

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5. SHARE OPTIONS (CONT'D)

(a) Kestone CL Asia Hub Employee Share Options Plan (Cont'd)

	No. of unissued ordinary shares of the Company under option			
	Granted in financial year <u>ended</u> 31.03.2023	Aggregate granted since commencement of <u>plan to</u> 31.03.2023	Aggregate exercised since commencement of <u>plan to</u> 31.03.2023	Aggregate outstanding as <u>at</u> 31.03.2023
<u>Name of director</u>				
Nikhil Mahajan	255,000	255,000	85,000	170,000

No options have been granted to controlling shareholders of the Company or their associates.

No participant under the Plan has received 1% or more of the total number of shares under option available under the Scheme.

(b) Share options outstanding

	No. of unissued ordinary shares under option at <u>31.03.2023</u>	Exercise <u>price</u> <u>SGD</u>	<u>Exercise period</u>
2023 Options	170,000	0.0144	01.04.2024 – 31.03.2025

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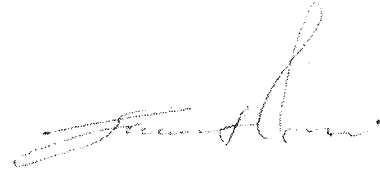
On behalf of the board of directors:



NIKHIL MAHAJAN
Director

New Delhi

12 SEP 2023



GAUTAM PURI
Director

STRATEGIC AUDIT ALLIANCE PAC

Company Registration No. 200802766D

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kestone CL Asia Hub Pte. Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kestone CL Asia Hub Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31st March 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (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 included in pages 1 and 2 but does not include the financial statements and our auditor's opinion thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

STRATEGIC AUDIT ALLIANCE PAC

Company Registration No. 200802766D

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 assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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



STRATEGIC AUDIT ALLIANCE PAC
Public Accountants and Chartered Accountants

Singapore

12 SEP 2023

KESTONE CL ASIA HUB PTE. LTD.
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE FINANCIAL YEAR ENDED 31ST MARCH 2023**

	NOTE	2023 \$	2022 \$
Revenue	4	3,824,363	3,247,186
Direct costs		<u>(2,696,220)</u>	<u>(1,923,802)</u>
Gross profit		1,128,143	1,323,384
Other operating income	4	30,734	39,839
Distribution costs		(20,366)	(1,606)
Administrative expenses		(608,810)	(419,132)
Other operating expenses	5	<u>(258,509)</u>	<u>(111,064)</u>
Profit from ordinary activities before income tax	6	271,192	831,421
Income tax	14	<u>31,979</u>	<u>-</u>
Profit from ordinary activities after income tax		303,171	831,421
Other comprehensive (loss)/income:			
Foreign currency translation		<u>(6,348)</u>	<u>3,739</u>
Total comprehensive income for the year		<u><u>296,823</u></u>	<u><u>835,160</u></u>

The accompanying notes form an integral part of these financial statements.

KESTONE CL ASIA HUB PTE. LTD.
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BALANCE SHEET AS AT 31ST MARCH 2023

	NOTE	2022 \$	2022 \$
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,346	-
Intangible asset	9	2,512,101	1,588,845
Investments in subsidiaries	10	6,700	2,591
		<u>2,520,147</u>	<u>1,591,436</u>
CURRENT ASSETS			
Trade and other receivables	11	2,269,813	1,480,105
Cash and cash equivalents	12	1,856,745	1,200,980
		<u>4,126,558</u>	<u>2,681,085</u>
CURRENT LIABILITIES			
Other payables	13	2,552,086	1,964,996
Provision for income tax		521	521
		<u>2,552,607</u>	<u>1,965,517</u>
NET CURRENT ASSETS		<u>1,573,951</u>	<u>715,568</u>
NET ASSETS		<u>4,094,098</u>	<u>2,307,004</u>
EQUITY			
Share capital	15	2,836,745	1,346,474
Translation reserve		(4,438)	1,910
Revenue reserve		1,261,791	958,620
		<u>4,094,098</u>	<u>2,307,004</u>

The accompanying notes form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

	Note	Share Capital \$	Translation Reserve \$	Revenue Reserve \$	Total \$
Balance at 1st April 2021		946,561	(1,829)	127,199	1,071,931
Issue of shares	15	399,913	-	-	399,913
Total comprehensive income for the year		-	3,739	831,421	835,160
Balance at 31st March 2022		<u>1,346,474</u>	<u>1,910</u>	<u>958,620</u>	<u>2,307,004</u>
Balance at 1st April 2022		1,346,474	1,910	958,620	2,307,004
Issue of shares	15	1,490,271	-	-	1,490,271
Total comprehensive income for the year		-	(6,348)	303,171	296,823
Balance at 31st March 2023		<u>2,836,745</u>	<u>(4,438)</u>	<u>1,261,791</u>	<u>4,094,098</u>

The accompanying notes form an integral part of these financial statements.

KESTONE CL ASIA HUB PTE. LTD.
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STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	271,192	831,421
Adjustments for:		
Amortisation of intangible asset	258,456	110,849
Currency translation reserve	(6,348)	3,739
Depreciation of property, plant and equipment	53	214
	523,353	946,223
Changes in working capital:		
Receivables	(718,604)	(698,018)
Net cash (used in)/generated from operating activities	(195,251)	248,205
Income tax refund/(paid)	31,979	(31,978)
Net cash (used in)/provided by operating activities	(163,272)	216,227
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of intangible asset	(1,181,712)	(981,619)
Purchases of property, plant and equipment	(1,399)	-
Investment in a subsidiary	(4,109)	-
Net cash (used in) investing activities	(1,187,220)	(981,619)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receivables	(71,104)	(198,374)
Payables	2,077,361	948,784
Net cash provided by financing activities	2,006,257	750,410
Net change in cash and cash equivalents	655,765	(14,982)
Cash and cash equivalents at beginning of financial year	1,200,980	1,215,962
Cash and cash equivalents at end of financial year (Note 12)	1,856,745	1,200,980

The accompanying notes form an integral part of these financial statements.

KESTONE CL ASIA HUB PTE. LTD.
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NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH 2023

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

1. GENERAL CORPORATE INFORMATION

The Company is incorporated and domiciled in Singapore. The address of its registered office is as follows: 10 Anson Road, #27-08 International Plaza, Singapore 079903; and its principal place of business is as follows: 39 Robinson Road, #11-01 Robinson Point, Singapore 068911.

The Holding Company is CL Educate Limited, incorporated in India.

The principal activities of the Company are to provide manpower, event management and business support services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

2.2 Adoption of new and revised standards

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 which are relevant to the Company and are effective for annual financial periods beginning on or after 1st January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

KESTONE CL ASIA HUB PTE. LTD.
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective
The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1st January 2023
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1st January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1st January 2023
Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
FRS 117 Insurance Contracts	1st January 2023
Amendments to FRS 116 Leases: Lease Liability in a Sale and Leaseback	1st January 2024
Amendments to FRS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1st January 2024
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, Plant and Equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost or valuation less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated on the straight-line basis to write off the cost of the property, plant and equipment over their estimated useful lives as follows:

	No. of years
Computers	3
Office equipment	5
Renovation	8

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to revenue reserve directly.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible Assets

Software development costs

These are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit and loss using the straight-line method over 3 to 7 years which is the shorter of their estimated useful lives. Software development costs and intellectual property are written off to the profit and loss accounts as and when incurred except for development costs which are demonstrated to have future commercial benefits are deferred.

2.6 Investments in Subsidiaries

Investments in subsidiaries is carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investment in a subsidiary, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.7 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 (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.

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 cost.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial Instruments

(a) Financial Assets (Cont'd)

Subsequent measurement (Cont'd)

Investments in debt instruments (Cont'd)

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

Investments in equity instruments

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

Derecognition

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

(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.

KESTONE CL ASIA HUB PTE. LTD.
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial Instruments (Cont'd)

(b) Financial Liabilities (Cont'd)

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 rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Derecognition

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

2.8 Impairment of Financial Assets

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

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

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of Financial Assets (Cont'd)

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.

2.9 Impairment of Non-Financial Assets

Property, Plant and Equipment

Intangible Asset

Investments in Subsidiaries

Property, plant and equipment, intangible asset and investments in subsidiaries are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Cash and Cash Equivalents

For the purpose of the presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.11 Other Payables

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Taxes

(a) Current income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

(c) Goods and services tax (GST)

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

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

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

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Taxes (Cont'd)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.13 Revenue Recognition

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

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

Rendering of services

Revenue from rendering of services is recognised upon completion of services rendered to customers.

2.14 Government Grants

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

When the grant relates to an expense item, it is recognised as income 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 as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Foreign Currency Transaction 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 reporting date. 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.

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

2.16 Employee Benefits

Defined Contribution Plan

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

2.17 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.

2.18 Fair Value Estimation of Financial Assets and Liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of Loans and Receivables

The Company uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are based on days past due.

The Company will calibrate the matrix to adjust credit loss experience with forward-looking information. Based on the Company's historical credit loss experience, trade receivables exhibited significant different loss patterns. The management has determined the expected credit loss by grouping the trade receivables.

Notwithstanding the above, the Company evaluates the expected credit loss on customers in financial difficulties separately. There are no customers in financial difficulties during the financial year except as disclosed in the financial statements.

The Company's credit risk exposure for trade receivables are set out in Note 18.1.

4. REVENUE

	2023	2022
	\$	\$
Revenue from rendering of services	3,824,363	3,247,186
Other operating income:		
Government grants	30,240	4,600
Interest received	-	1,108
Miscellaneous balances written back	-	32,317
Sundry income	494	1,814
Total other operating income	30,734	39,839
	3,855,097	3,287,025
Timing of revenue recognition		
- At a point in time	3,824,363	3,247,186

Government grants of \$Nil (2021: \$4,600) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

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5. OTHER OPERATING EXPENSES

	NOTE	2023 \$	2022 \$
Amortisation of intangible assets	9	258,456	110,849
Depreciation of property, plant and equipment	8	53	215
		<u>258,509</u>	<u>111,064</u>

6. PROFIT FROM ORDINARY ACTIVITIES

The following items have been included in arriving at profit from ordinary activities:

	NOTE	2023 \$	2022 \$
Amortisation of intangible assets	9	258,456	110,849
Depreciation of property, plant and equipment	8	53	215
Rental of office		47,346	35,091
Staff costs	7	<u>404,949</u>	<u>246,836</u>

7. STAFF COSTS

	NOTE	2023 \$	2021 \$
CPF and SDL contribution		23,612	16,320
Salaries and bonuses		<u>381,337</u>	<u>230,516</u>
	6	<u>404,949</u>	<u>246,836</u>

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8. PROPERTY, PLANT AND EQUIPMENT

	Computers \$	Office Equipment \$	Renovation \$	Total \$
Cost				
At 1st April 2022	9,988	5,918	35,540	51,446
Addition	1,399	-	-	1,399
At 31st March 2023	11,387	5,918	35,540	52,845
Accumulated Depreciation				
At 1st April 2022	9,988	5,918	35,540	51,446
Charge for the year	53	-	-	53
At 31st March 2023	10,041	5,918	35,540	51,499
Net Book Value				
At 31st March 2022	1,346	-	-	1,346
Cost				
At 1st April 2021	9,988	5,918	35,540	51,446
At 31st March 2022	9,988	5,918	35,540	51,446
Accumulated Depreciation				
At 1st April 2021	9,773	5,918	35,540	51,231
Charge for the year	215	-	-	215
At 31st March 2022	9,988	5,918	35,540	51,446
Net Book Value				
At 31st March 2022	-	-	-	-

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9. INTANGIBLE ASSET

	2023	2022
	\$	\$
Cost		
At the beginning of the year	1,727,784	746,165
Addition	1,181,712	981,619
End of financial year	2,909,496	1,727,784
Accumulated Amortisation		
At the beginning of the year	138,939	28,090
Charge for the year	258,456	110,849
End of financial year	397,395	138,939
Net Book Value	2,512,101	1,588,845

10. INVESTMENTS IN SUBSIDIARIES

	2023	2022
	\$	\$
Unquoted equity shares, at cost:		
At the beginning of financial year	2,591	2,591
Addition	4,109	-
At the end of financial year	6,700	2,591

The details of the subsidiaries are as follows:

	Name of subsidiary (Country of incorporation)	Principal activities	Cost		Percentage of equity interest	
			2023	2022	2023	2022
			\$	\$	%	%
*	Kestone CL US Limited (Incorporated in United State)	Provide manpower, event management and business support services.	1,379	1,379	100	100
*	CL Educate (Africa) Ltd (Incorporated in Republic of Mauritius)	Educational support activities.	1,212	1,212	90	90
*	PT. Kestone CLE, Indonesia (Incorporated in Indonesia)	Provide manpower, event management and business support services.	4,109	-	100	-

* The results of the subsidiaries are based on the unaudited financial statements.

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10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

On 3rd January 2023, the Company acquired 2,500 ordinary shares representing 100% of the ordinary shares of PT. Kestone CLE, Indonesia for a consideration sum of \$4,109. Out of there 2,500 shares, 25 nos of shares are registered and held by Mr. Nikhil Mahajan, Director of the Company, as a nominee, for and on behalf of the Company.

Consolidated financial statements of the Company and its subsidiaries have not been prepared as the Company is a subsidiary of CL Educate Limited. Consolidated financial statements are prepared by CL Educate Limited, incorporated in India.

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Trade receivables (net)		
- third parties	1,052,972	504,431
- subsidiary	441,883	382,809
- Holding Company	377,755	266,766
	1,872,610	1,154,006
Other receivables:		
- third parties	-	52,390
- subsidiaries	241,880	87,613
- Holding Company	-	38,947
- related party	114,061	101,392
Deposits	27,202	26,585
Prepaid operating expenses	12,456	19,172
Withholding tax	1,604	-
	2,269,813	1,480,105

The average credit period on rendering of services is 60 to 90 days (2022: 60 to 90 days). No interest is charged on the trade receivables. Trade receivables more than 90 days past due are provided for based on estimated irrecoverable amounts from rendering of services and determined by reference to past default experience.

11.1 The amount owing by a subsidiary is trade in nature, unsecured, interest-free and are expected to be repayable within the next twelve months from balance sheet date.

11.2 The amount owing by Holding Company is trade in nature, unsecured, interest-free and are expected to be repayable within the next twelve months from balance sheet date.

11.3 The amounts owing by subsidiaries are non-trade in nature, unsecured, interest-free and are expected to be repayable within the next twelve months from balance sheet date.

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11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.4 The amount owing by a related party is non-trade in nature, unsecured, interest-free and is expected to be repayable within the next twelve months from balance sheet date.

12. CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash and bank balances	<u>1,856,745</u>	<u>1,200,980</u>

13. OTHER PAYABLES

	2023	2022
	\$	\$
Other payables:		
- third parties	263,381	155,995
- subsidiary	165,147	32,218
- Holding Company	1,103,699	1,120,710
Accrued operating expenses	791,807	428,021
Advance from customers	<u>228,052</u>	<u>228,052</u>
	<u>2,552,086</u>	<u>1,964,996</u>

13.1 The amount owing to a subsidiary is non-trade in nature, unsecured, interest-free and is expected to be repayable within the next twelve months from balance sheet date.

13.2 The amount owing to Holding Company is non-trade in nature, unsecured, interest-free and is expected to be repayable within the next twelve months from balance sheet date.

14. INCOME TAX

Major components of income tax expense for the years ended 31st March were:

	2023	2022
	\$	\$
Over provision of income tax in respect of previous year	<u>31,979</u>	<u>-</u>
Income tax expense	<u>31,979</u>	<u>-</u>

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14. INCOME TAX (CONT'D)

A reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31st March were as follows:

	2023 \$	2022 \$
Profit before income tax	<u>271,192</u>	<u>831,421</u>
Tax at the statutory tax rate of 17%	46,103	141,342
Tax effect of expenses that are not deductible in determining taxable income	44,936	22,562
Tax effect of income that are not taxable in determining taxable income	-	(782)
Tax effect on utilisation of capital allowance	(91,039)	(229,740)
Unutilised current year's loss carried forward	-	66,618
Over provision of income tax in respect of previous year	<u>31,979</u>	<u>-</u>
	<u><u>31,979</u></u>	<u><u>-</u></u>

Deferred income tax (assets) not recognised as at 31st March are as follow:

	2023 \$	2022 \$
Temporary differences	229	-
Unabsorbed tax losses	(4,758)	(4,758)
Unutilised capital allowance	<u>(110,090)</u>	<u>(66,618)</u>
	<u><u>(114,619)</u></u>	<u><u>(71,376)</u></u>

The Company has unabsorbed tax losses and unutilised capital allowance estimated at \$27,990 (2022: \$27,990) and \$647,589 (2022: \$391,872) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. No deferred tax asset has been recognised in respect of the unutilised capital allowances due to the unpredictability of future expected profit availability. The unutilised capital allowances have no expiry date.

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15. SHARE CAPITAL

	2022	2022
	\$	\$
154,586,360 ordinary shares issued and fully paid with no par value (2022: 134,647,400 ordinary shares)	2,836,745	1,346,474

On 27th October 2022, the Company increased its issued and paid up share capital from \$1,346,474 to \$2,835,521 by the issue of an additional 19,853,960 ordinary shares for a total consideration of \$1,489,047 by capitalization of amount owing to Holding Company.

On 13th March 2023, the Company increased its issued and paid up share capital from \$2,835,521 to \$2,836,745 by the issue of an additional 85,000 ordinary shares for a total consideration of \$1,224 for cash to provide additional working capital.

The newly issued shares rank pari passu in all respects with the existing shares already in issue.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

16. RELATED PARTY TRANSACTIONS

The following transactions took place between the Company and related party during the financial year:

	2023	2022
	\$	\$
Direct costs charged by Holding Company	95,552	272,639
Expenses paid on behalf for subsidiary	674	-
Event management services and license fee charged to Holding Company	209,073	318,046
License fee charged to Holding Company	122,414	266,766
Managed manpower services charged by Holding Company	848,953	539,256
Ordinary shares issued to its Holding Company	1,489,047	399,913
Purchase of intangible assets from Holding Company	707,088	777,619
Purchase of intangible assets from subsidiary	132,929	-
Repayment to Holding Company	128,694	1,116,092

Related party comprises mainly company which is controlled or significantly influenced by the Company's key management personnel.

Outstanding balances at 31st March 2023 are set out in Notes 11 and 13.

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17. LEASES

Company as a lessee

The Company has lease contracts for office.

(a) Amounts recognised in profit or loss

	2023	2022
	\$	\$
Rental of office	<u>47,346</u>	<u>35,091</u>

(b) Total cash outflow

The Company had total cash outflows for lease of \$ 47,346 in 2022.

18. FINANCIAL RISK MANAGEMENT

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

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

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

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

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.1 Credit Risk

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

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

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

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

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

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

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.1 Credit Risk (Cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

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 debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.1 Credit Risk (Cont'd)

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
31st March 2023						
Trade receivables	11	Note 1	Lifetime ECL (simplified)	1,916,989	(44,379)	1,872,610
Other receivables	11	I	12-month ECL	355,941	-	355,941
Deposits	11	I	12-month ECL	27,202	-	27,202
					<u>(44,379)</u>	
31st March 2022						
Trade receivables	11	Note 1	Lifetime ECL (simplified)	1,208,330	(54,324)	1,154,006
Other receivables	11	I	12-month ECL	280,342	-	280,342
Deposits	11	I	12-month ECL	26,585	-	26,585
					<u>(54,324)</u>	

Trade receivables (Note 1)

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

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.1 Credit Risk (Cont'd)

	Less than 3 months \$	Past due More than 3 months \$	Total \$
31st March 2022			
ECL rate	0%	5%	0%
Estimated total gross carrying amount at default	1,060,702	856,287	1,916,989
ECL	-	(44,379)	(44,379)
			<u>1,872,610</u>
31st March 2022			
ECL rate	0%	46%	0%
Estimated total gross carrying amount at default	1,089,759	118,571	1,208,330
ECL	-	(54,324)	(54,324)
			<u>1,154,006</u>

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables and deposits

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.

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.2 Liquidity Risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term 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. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations and bank borrowings. The directors are satisfied that funds are available to finance the operations of the Company.

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 reporting date based on contractual undiscounted repayment obligations.

	Carrying amount \$	2023 Contractual cash flows \$	One year or less \$
<u>Financial Assets</u>			
Trade receivables	1,872,610	1,872,610	1,872,610
Other receivables	383,143	383,143	383,143
Cash and cash equivalents	1,856,745	1,856,745	1,856,745
Total undiscounted financial assets	4,112,498	4,112,498	4,112,498
<u>Financial Liabilities</u>			
Other payables	2,491,209	2,491,209	2,491,209
Total undiscounted financial liabilities	2,491,209	2,491,209	2,491,209
Total net undiscounted financial assets	1,621,289	1,621,289	1,621,289

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.2 Liquidity Risk (Cont'd)

	Carrying amount \$	2022 Contractual cash flows \$	One year or less \$
<u>Financial Assets</u>			
Trade receivables	1,154,006	1,154,006	1,154,006
Other receivables	306,927	306,927	306,927
Cash and cash equivalents	1,200,980	1,200,980	1,200,980
Total undiscounted financial assets	2,661,913	2,661,913	2,661,913
<u>Financial Liabilities</u>			
Other payables	1,941,613	1,941,613	1,941,613
Total undiscounted financial liabilities	1,941,613	1,941,613	1,941,613
Total net undiscounted financial assets	720,300	720,300	720,300

18.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the interest rate risk arises primarily from their fixed deposit.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.3 Market Risk (Cont'd)

(ii) Foreign Currency Risk

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company has transactions in United States Dollars (“USD”), Malaysian Ringgit (“MYR”), Emirati Dirham (“AED”), Indonesian rupiah (“IDR”), Indian Rupee (“INR”) and Australian Dollars (“AUD”) as a result, the Company is exposed to movements in foreign currencies exchange rates. However, the Company does not use any financial derivatives such as foreign currency forward contracts and foreign currency options for hedging purpose.

The Company is exposed to currencies risks arising primarily from USD, MYR, AED, INR, IDR and AUD as significant sales are denominated in SGD.

The Company’s currencies exposures based on the information provided to key management is as follows:

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.3 Market Risk (Cont'd)

(ii) Foreign Currency Risk (Cont'd)

	USD \$	MYR \$	AED \$	IND \$	INR \$	AUD \$	Total \$
At 31st March 2023							
Financial assets							
Trade and other receivables	899,459	-	138,366	1,604	-	36,961	1,076,390
Cash and cash equivalents	44,939	-	42,456	-	-	-	87,395
	944,398	-	180,822	1,604	-	36,961	1,163,785
Financial liabilities							
Other payables	167,328	292	27,004	1,032,731	3,901	73,549	1,304,805
	167,328	292	27,004	1,032,731	3,901	73,549	1,304,805
Net currencies exposures	777,070	(292)	153,818	(1,031,127)	(3,901)	(36,588)	(141,020)

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.3 Market Risk (Cont'd)

(ii) Foreign Currency Risk (Cont'd)

	USD \$	MYR \$	AED \$	IND \$	INR \$	AUD \$	Total \$
At 31st March 2022							
Financial assets							
Trade and other receivables	441,418	-	195,899	-	-	36,961	674,278
Cash and cash equivalents	5,768	-	11,201	-	-	-	16,969
	447,186	-	207,100	-	-	36,961	691,247
Financial liabilities							
Other payables	4,285	16,409	-	-	1,120,710	73,549	1,214,953
	4,285	16,409	-	-	1,120,710	73,549	1,214,953
Net currencies exposures	442,901	(16,409)	207,100	-	(1,120,710)	(36,588)	(523,708)

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18. FINANCIAL RISK MANAGEMENT (CONT'D)

18.3 Market Risk (Cont'd)

(ii) Foreign Currency Risk (Cont'd)

Assuming that the USD, MYR, AED, INR and AUD had strengthened/weakened against the SGD by 6% (2022: 1%) respectively with all other variables including tax rate being held constant, the Company's loss after tax for the financial year would have been \$7,100 (2022: \$6,800) respectively higher/lower as a result of currency translation gains/losses.

18.4 Fair Values Risk

The carrying amounts of financial assets and liabilities are approximate to their fair values.

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- a) To safeguard the Company's ability to continue as a going concern;
- b) To support the Company's stability and growth; and
- c) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities.

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20. IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Company's significant operations are in Singapore which have been affected by the spread of COVID-19 since 2020. Set out below is the impact of COVID-19 on the Company's financial performance reflected in this set of financial statements for the year ended 31st March 2023.

The Company has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31st March 2023. The Company has assessed no impairment on financial assets or non-financial assets is required as at 31st March 2023.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Company cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31st March 2024. If the situation persists beyond management's current expectations, the Company's assets may be subject to further write downs in the subsequent financial periods.

21. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published and they are mandatory for the Company's accounting years beginning on or after 1st April 2023 or later years, which the Company has not early adopted. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements

22. AUTHORISATION OF FINANCIAL STATEMENTS

The board of directors has authorised these financial statements for issue on the date of the directors' statement.

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DETAILED PROFIT OR LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

	2023	2022
	\$	\$
REVENUE	3,824,363	3,247,186
LESS: DIRECT COSTS		
Advertising	37,955	42,154
Event cost	1,085,188	283,279
Foreign exchange differences (net)	9,739	26,022
Gift expense	658,386	989,304
Managed manpower services fees	656,526	583,043
Sponsorship charges	72,625	-
Travelling	175,801	-
	<u>2,696,220</u>	<u>1,923,802</u>
GROSS PROFIT	1,128,143	1,323,384
ADD: OTHER OPERATING INCOME		
Government grants	30,240	4,600
Interest received	-	1,108
Miscellaneous balances written back	-	32,317
Sundry income	494	1,814
	<u>30,734</u>	<u>39,839</u>
	1,158,877	1,363,223
LESS: EXPENDITURE (as per schedule)	<u>887,685</u>	<u>531,802</u>
OPERATING PROFIT FOR THE YEAR	<u><u>271,192</u></u>	<u><u>831,421</u></u>

This schedule does not form part of the audited statutory financial statements.

KESTONE CL ASIA HUB PTE. LTD.
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	2023	2022
	\$	\$
EXPENDITURE		
Allowance for impairment loss on trade receivables	10,851	-
Amortisation of intangible assets	258,456	110,849
Auditor's remuneration	7,000	6,000
Bank charges	11,255	9,243
Consultancy fee	-	48,000
CPF and SDL contribution	23,612	16,320
Depreciation of property, plant and equipment	53	215
General expenses	668	364
Licence fees	9,511	9,552
Printing, postages and stationery	5,915	3,691
Professional fee	8,148	6,516
Rental of office	47,346	35,091
Salaries and bonuses	381,337	230,516
Staff incentive	50,000	30,812
Staff welfare	7,655	1,401
Subscription fee	42,830	21,446
Telephone charges	2,682	180
Transport	5,676	-
Travelling	14,690	1,606
	<u>887,685</u>	<u>531,802</u>

This schedule does not form part of the audited statutory financial statements.