

**ANNUAL REPORT 2021**  
Audited Financial Statements  
And Other Financial Information

**SWELECT ENERGY SYSTEMS PTE. LTD.**  
(Registration No.: 200402543C)  
(Incorporated in the Republic of Singapore)

**FOR FINANCIAL YEAR ENDED 31 MARCH 2021**

**CONTENTS**

Directors' Statement	.....	2 -3
Independent Auditors' Report	.....	4 - 6
Statement of Financial Position	.....	7
Statement of Profit or Loss and Other Comprehensive income	.....	8
Statement of Changes in Equity	.....	9
Statement of Cash Flows	.....	10
Notes to the Financial Statements	.....	11

## **SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

### **DIRECTORS' STATEMENT**

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2021.

In the opinion of directors:

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial positions of the Company as at **31 March 2021** and of the financial performance, changes in equity and cash flows of the Company for the financial year 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

### **DIRECTORS**

1. The directors in office at the date of this statement are as follow:

Ramasamy Gounder Chellappan  
Venkatagiri Chellappan Raghunath  
Wong Yuk Hung (Appointed on 12/05/2021)

### **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

2. Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object are, or one of whose objects is, 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.

### **DIRECTORS' INTEREST IN SHARES OR DEBENTURES**

3. According to the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

<b><u>Name of directors</u></b>	<b><u>Shareholdings registered in the name of directors</u></b>		<b><u>Shareholdings in which the directors are deem to have an interest</u></b>	
	<b><u>As at 01/04/2020</u></b>	<b><u>As at 31/03/2021</u></b>	<b><u>As at 01/04/2020</u></b>	<b><u>As at 31/03/2021</u></b>
<b><u>The Company</u></b> (Ordinary shares of S\$1.00 each)				
Ramasamy Gounder Chellappan	--	--	12,232,500	12,232,500
Venkatagiri Chellappan Raghunath	--	--	--	--
<b><u>The Immediate and Ultimate Holding Company</u></b> (Ordinary shares of Rs10.00 each)				
Ramasamy Gounder Chellappan	4,747,054	4,747,054	82,086	82,086

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**DIRECTORS' CONTRACTUAL BENEFITS**

4. Except as disclosed in the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

**SHARE OPTIONS**

5. During the financial year, no option was granted to take up unissued shares of the Company. There were no shares issued during the financial year by virtue of the exercise of an option granted to take up unissued shares of the Company. There were no unissued shares under option as at the end of the financial year.

**INDEPENDENT AUDITORS**

6. The independent auditors, Messrs. Wu Chiaw Ching & Company, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,



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Ramasamy Gounder Chellappan  
Director



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Venkatagiri Chellappan Raghunath  
Director



**WU CHIAW CHING & COMPANY**

**吳喬青特許會計師事務所**

Public Accountants and Chartered Accountants, Singapore  
Reg No. S87PF0299A

**INDEPENDENT AUDITORS' REPORT  
FOR FINANCIAL YEAR ENDED 31 MARCH 2021  
TO THE MEMBERS OF SWELECT ENERGY SYSTEMS PTE. LTD.**

**Report on the Audited of the Financial Statements**

Opinion

We have audited the financial statements of **SWELECT ENERGY SYSTEMS PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at **31 March 2021**, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial 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, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at **31 March 2021** and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

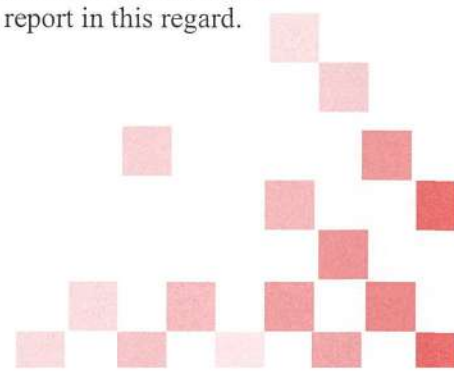
We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 2 to 3.

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 AUDITORS' REPORT (Continued)  
FOR FINANCIAL YEAR ENDED 31 MARCH 2021  
TO THE MEMBERS OF SWELECT ENERGY SYSTEMS PTE. LTD.**

**Responsibilities of Management and Directors for the Financial Statements**

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

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

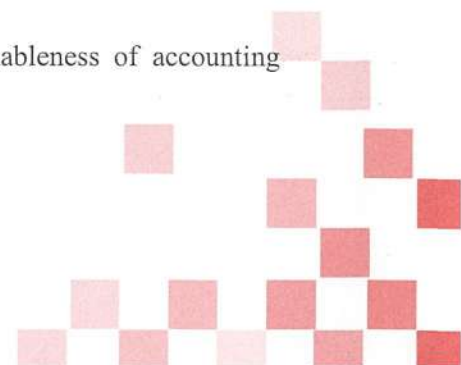
The directors' responsibilities include overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 managements.





**WU CHIAW CHING & COMPANY**

**吳喬青特許會計師事務所**

Public Accountants and Chartered Accountants, Singapore  
Reg No. S87PF0299A

**INDEPENDENT AUDITORS' REPORT (Continued)  
FOR FINANCIAL YEAR ENDED 31 MARCH 2021  
TO THE MEMBERS OF SWELECT ENERGY SYSTEMS PTE. LTD.**

- 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 the audit.

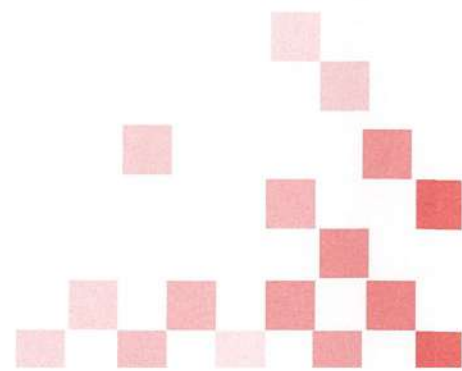
**Report on Other Legal and Regulatory Requirements**

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.

**Wu Chiaw Ching & Company  
Public Accountants and  
Chartered Accountants**

Singapore,



**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,475,636	2,503,943
Investment properties	4	2,305,001	2,330,331
<b>Total non-current assets</b>		4,780,637	4,834,274
<b>Current assets</b>			
Inventories	5	63,644	176,538
Trade and other receivables	6	8,887,228	8,919,517
Cash and cash equivalents	7	8,862,389	8,525,794
<b>Total current assets</b>		17,813,261	17,621,849
<b>Total assets</b>		<u>22,593,898</u>	<u>22,456,123</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Issued capital and reserves attributable to owners of the Company</b>			
Share capital	8	8,319,706	8,319,706
Assets revaluation reserve	9	2,566,340	2,566,340
Accumulated profits		5,915,052	5,639,422
<b>Total equity</b>		<u>16,801,098</u>	<u>16,525,468</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	10	149,890	149,890
<b>Total non-current liabilities</b>		149,890	149,890
<b>Current liabilities</b>			
Trade and other payables	11	1,554,681	1,527,682
Bank borrowings	12	4,018,014	4,225,932
Income tax payables		70,215	27,151
<b>Total current liabilities</b>		5,642,910	5,780,765
<b>Total liabilities</b>		<u>5,792,800</u>	<u>5,930,655</u>
<b>Total equity and liabilities</b>		<u>22,593,898</u>	<u>22,456,123</u>

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



**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b>Revenue</b>	13	10,218,954	12,208,082
Cost of sales		(9,923,839)	(11,853,285)
Gross profits		<u>295,115</u>	<u>354,797</u>
Other operating income	14	359,628	194,988
Selling and distribution expenses		(45,080)	(211,424)
Administrative expenses		(229,936)	(244,291)
Other operating expenses		(2,393)	(2,699)
<b>Profit from operations</b>	15	<u>377,334</u>	<u>91,371</u>
Finance costs	16	(47,662)	(109,454)
<b>Profit / (loss) before income tax</b>		<u>329,672</u>	<u>(18,083)</u>
Income tax expenses	17	(54,042)	(2,394)
<b>Profit / (loss) for the year</b>		<u>275,630</u>	<u>(20,477)</u>
<b>Other comprehensive income:-</b>			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
<b>Total comprehensive income for the year</b>		<u><u>275,630</u></u>	<u><u>(20,477)</u></u>

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

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

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	<u>Issued capital and reserves attributable to owners of the Company</u>			
	<u>Share Capital</u>	<u>Assets Revaluation Reserve</u>	<u>Accumulated Profits</u>	<u>Total Equity</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
At 01 April 2019	8,319,706	2,566,340	5,659,899	16,545,945
<b>Total comprehensive income for the year</b>				
- Loss for the year	-	-	(20,477)	(20,477)
At 31 March 2020	8,319,706	2,566,340	5,639,422	16,525,468
<b>Total comprehensive income for the year</b>				
- Profit for the year	-	-	275,630	275,630
At 31 March 2021	8,319,706	2,566,340	5,915,052	16,801,098

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

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before income tax		329,672	(18,083)
Adjustments for:			
Depreciation of property, plant and equipment		28,307	27,792
Depreciation of investment properties		25,330	25,330
Interest income		(63,268)	(132,140)
Interest expenses		47,662	109,454
Operating cash flows before changes in working capital		<u>367,703</u>	<u>12,353</u>
Changes in working capital			
Inventories		112,894	(119,877)
Trade and other receivables		32,289	(560,175)
Trade and other payables		26,999	(866,052)
Cash generated from / (used in) operations		<u>539,885</u>	<u>(1,533,751)</u>
Interest paid		(47,662)	(109,454)
Income tax paid		(10,978)	16,758
<b>Net cash generated from / (used in) operating activities</b>		<u>481,245</u>	<u>(1,626,447)</u>
<b>INVESTING ACTIVITIES</b>			
Interest received		63,268	132,140
Purchase of property, plant and equipment		-	(2,760)
<b>Net cash generated from investing activities</b>		<u>63,268</u>	<u>129,380</u>
<b>FINANCING ACTIVITIES</b>			
Fixed deposit pledged		(313,025)	(14,592)
(Repayment of) / proceeds from financing under trust receipts		(207,918)	1,667,814
<b>Net cash (used in) / generated from financing activities</b>		<u>(520,943)</u>	<u>1,653,222</u>
Net increase in cash and cash equivalent		23,570	156,155
Cash and cash equivalent at beginning of the year		581,546	425,391
<b>Cash and cash equivalents at end of the year</b>	7	<u>605,116</u>	<u>581,546</u>

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

## **SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

### **NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

These notes form an integral part of the financial statements.

#### **1. DOMICILE AND ACTIVITIES**

**SWELECT ENERGY SYSTEMS PTE. LTD.** (the “Company”) is a limited liability private company incorporated in the Republic of Singapore and has its registered office and principal place of business at 2 Kallang Pudding Road, #02-12 Mactech Building, Singapore 349307.

The principal activities of the Company are to carry on engineering services in clean energy systems (E.g. Solar Photovoltaics) and generation of electricity by other sources and the business of import and export of electronic appliances.

The Company is a wholly-owned subsidiary of **SWELECT ENERGY SYSTEMS LIMITED.**, a company incorporated in India which is also its immediate and ultimate holding company.

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

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of preparation**

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

These financial statements are presented in United States Dollars (US\$), which is the Company’s functional currency. All financial information is presented in United States Dollar unless otherwise indicated.

##### **(b) Adoption of new and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 01 April 2020.

##### **(c) Standards issued but not effective**

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 37 <i>Onerous Contracts – Cost of fulfilling a Contract</i>	01 January 2022
Annual Improvements to FRSs 2018-2020	01 January 2022
Amendments to FRS 1 <i>Classification of Liabilities as Current or Non-Current</i>	01 January 2023
Amendments to FRS 103 <i>Reference to the Conceptual Framework</i>	01 January 2022

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

(c) **Standards issued but not yet effective - continued**

	<b>Effective for annual periods beginning on or after</b>
<b>Description</b>	
Amendments to FRS 117	01 January 2023
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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.

(d) **Foreign currency**

**Foreign currency transactions**

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.

(e) **Use of estimates and judgements**

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**Critical judgements made in applying accounting policies**

In the process of applying the accounting policies, management has made certain judgement apart from those involving estimation, which has a significant effect on the amounts recognised in the financial statements.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(e) Use of estimates and judgements - continued**

**Critical judgements made in applying accounting policies - continued**

**(i) Allowance for impairment of inventories**

Management determines whether an allowance is required for inventory obsolescence or slow-moving inventory or for any shortfall in net realisable value of inventories by reviewing the inventory listing on a periodic basis. The review involves a comparison of the carrying value of the inventory items with a respective net realisable value as well as the forecasted demand for the inventories. Arising from the review, there is not necessary to set up allowance for impairment for obsolete and slow-moving inventories or for any short fall in the net realisable value of the inventories. The carrying amounts of the Company's inventories are disclosed in Note 5 to the financial statements.

**(ii) Provision for expected credit losses of trade receivables**

The Company use provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings for each grouping of debtors that have similar credit risk characteristics. The provision matrix is based on the Company's historical default rates taking into consideration forward-looking information that is reasonable and supportable, and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, certain material balances of trade receivables and those credit impaired are assessed for ECL individually. The carrying amounts of the Company's receivables at the statement of financial position are disclosed in Note 6 to the financial statements.

**(iii) Determination of functional currency**

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

**Key sources of estimation uncertainty**

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

**(i) Useful lives of property, plant and equipment**

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the rates of depreciation of these property, plant and equipment to be within 1% to 33 1/3%. These are common life expectancies applied in the similar industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore, future depreciation charges could be revised. The carrying amount of the Company's property, plant and equipment at the statement of financial position is disclosed in Note 3 to the financial statements.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

(e) **Use of estimates and judgements - continued**

**Key sources of estimation uncertainty - continued**

(ii) **Useful lives of investment properties**

The revaluated cost of investment properties is depreciated on a straight-line basis over the investment properties' useful lives. The useful lives of these investment properties are infinite but management estimates the rates of depreciation of these investment properties to be 1%. These are common life expectancies applied in the similar industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets; therefore, future depreciation charges could be revised. The carrying amount of the Company's investment properties at the statement of financial position date is disclosed in Note 4 to the financial statements.

(iii) **Income taxes**

The Company has exposure to income taxes in Singapore. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Company's income tax payables and deferred tax liabilities at the statement of financial position are US\$70,215 (2020: US\$27,151) and US\$149,890 (2020: US\$149,890) respectively.

(iv) **Fair value of investment properties**

The fair value of the investment properties was based on directors' valuation. In determining the fair value, the directors has exercised their judgement and satisfied that the fair value reflected current market conditions. The fair value of investment properties of the Company as at the statement of financial position date are US\$3,218,436 (2020: US\$2,562,652)

(f) **Property, plant and equipment**

(i) **Recognition and measurement**

Items of property, plant and equipment are initially recognised at cost. Subsequently to recognition, property, plant and equipment other than freehold properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(f) Property, plant and equipment - continued**

**(i) Recognition and measurement - continued**

Freehold properties are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the date of statement of financial position.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the other comprehensive income, in which case the increase is recognised in the other comprehensive income. A revaluation deficit is recognised in other comprehensive income, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

**(ii) Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.



**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(f) Property, plant and equipment - continued**

**(iii) Depreciation - continued**

The estimated useful lives for the current and comparative years are as follows:

Freehold properties	1%
Computer equipments	33 1/3%
Furniture and fittings	20%
Office equipment	20%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

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.

**(g) Investment properties**

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or for administrative purpose.

Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over the investment properties' useful lives. The useful lives of the investment properties are infinite but management estimates the rates of depreciation of the investment properties to be 1%. No depreciation is provided for investment properties under construction.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Investment properties are derecognised when either they have been disposal of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

## **SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

### **NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **(h) Financial instruments**

##### **(i) Financial assets**

###### **Initial recognition and measurement**

Financial assets are recognized 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 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 amount of consideration to which the Company expects to be entitled in exchange for transferring promised 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**

###### *Investment 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 instrument are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Company only has debt instrument at amortised cost.

Financial assets that are held for 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 recognized in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

###### *Investment in equity instruments*

The Company subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with changes in their fair values recognised in profit or loss in the period which the changes arise and presented in "other gains or losses", except for those equity instrument that is not held for trading. The Company may elect to recognise changes in fair value of equity instruments not held for trading in other comprehensive income and classified as FVOCI which are presented as "fair value gains or losses". Dividends from equity investments are recognised in profit or loss as "dividend income".

###### **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 the other comprehensive income for debt instrument is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

(h) **Financial instruments - continued**

(ii) **Financial liabilities**

**Initial recognition and measurement**

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

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

**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 liabilities are derecognised, and through the amortization process.

**Derecognition**

A financial liability is derecognised when 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.

**Offsetting of financial instruments**

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

(i) **Impairment**

(i) **Non-derivative financial assets and contract assets**

The Company recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised at amortised costs; and
- contract assets

Loss allowances of the Company are measured on earlier of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(i) Impairment - continued**

**(i) Non-derivative financial assets and contract assets - continued**

**Simplified approach**

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

**General approach**

The Company applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(i) Impairment - continued**

**(i) Non-derivative financial assets and contract assets - continued**

**Measurement of ECLs**

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for ECLs in the statement of financial position**

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

**Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect or recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## **SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

### **NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **(i) Impairment - continued**

###### **(ii) Non-financial assets**

The carrying amounts of the Company non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **(j) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

##### **(k) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand which are subjected to an insignificant risk of changes in value. For the purpose of the statement of cash flows, pledged deposits are excluded.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(l) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(m) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(n) Employee benefits**

**(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

**(ii) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(o) Finance income and finance costs**

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

**(p) Leases**

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

## **SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

### **NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **(p) Leases - continued**

###### **(i) As lessee**

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

###### **Right of use assets**

The Company recognises right to use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2(i).

The Company's right of use assets if any, are presented within property, plant and equipment (Note 3).

###### **Lease liabilities**

At the commencement date of the leases, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivables, variable lease payments that depends on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a changes in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**(p) Leases - continued**

**(i) As lessee - continued**

**Short term leases and leases of low value assets**

The Company has elected to not recognised right of use assets and lease liabilities for short term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase term) and leases of low value assets. Lease payments on relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

**(ii) As lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(q) Revenue**

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

Revenue is recognised when the Company satisfies a performance obligation by transferring promised service to customer, which is when the customer obtains control of 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.

**(i) Sale of goods**

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective volume rebates based on the aggregate sales over a period of time.

**(ii) Rendering of services**

Revenue from rendering of services is recognised when the services have been performed and rendered.

**(iii) Rental income**

Revenue from rental is recognised on a straight-line basis over the term of the lease. The aggregate costs of incentives provided to lessees are recognised on a reduction of rental income over the lease term on a straight-line basis.

## **SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

### **NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **(r) Government grants**

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

##### **(s) Taxes**

###### **Current income tax**

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

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

###### **Deferred tax**

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

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

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

###### **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.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****3. PROPERTY, PLANT AND EQUIPMENT**

	<u>Freehold properties</u> US\$	<u>Computer equipments</u> US\$	<u>Furniture and fittings</u> US\$	<u>Office equipment</u> US\$	<u>Total</u> US\$
<b><u>At cost or valuation</u></b>					
At 01 April 2019	2,717,915	2,412	102,410	3,144	2,825,881
Additions	--	--	399	2,361	2,760
At 31 March 2020	2,717,915	2,412	102,809	5,505	2,828,641
Additions	--	--	--	--	--
At 31 March 2021	2,717,915	2,412	102,809	5,505	2,828,641
Comprising					
- At cost	--	2,412	102,809	5,505	110,726
- At valuation	2,717,915	--	--	--	2,717,915
	2,717,915	2,412	102,809	5,505	2,828,641
<b><u>Accumulated depreciation and accumulated impairment losses</u></b>					
At 01 April 2019	190,255	1,931	102,410	2,310	296,906
Depreciation for the year	27,179	215	2	396	27,792
At 31 March 2020	217,434	2,146	102,412	2,706	324,698
Depreciation for the year	27,179	215	80	833	28,307
At 31 March 2021	244,613	2,361	102,492	3,539	353,005
<b><u>Carrying amount</u></b>					
At 01 April 2019	2,527,660	481	--	834	2,528,975
At 31 March 2020	2,500,481	266	397	2,799	2,503,943
At 31 March 2021	2,473,302	51	317	1,966	2,475,636

During the financial year, the Company acquired property, plant and equipment by the way of:

	<u>2021</u> US\$	<u>2020</u> US\$
Cash payments	--	2,760

If the freehold property was measured using the cost model, the carrying amounts would be as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
Freehold property		
- At cost	1,142,626	1,142,626
- Accumulated depreciation	(151,313)	(139,888)
	991,313	1,002,738

The freehold properties were revalued as at 24 April 2013 and 25 April 2013 by Dennis Wee Realty Pte Ltd, independent valuers, on an open market value. This valuation performed by the valuer are based on active market prices, adjusted for any difference in the nature, location or condition of specific property.

**SWELECT ENERGY SYSTEMS PTE. LTD.**  
**(Registration No: 200402543C)**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**4. INVESTMENT PROPERTIES**

	<u>Total US\$</u>
<b><u>Cost</u></b>	
At 01 April 2019	2,532,969
Additions	--
At 31 March 2020	<u>2,532,969</u>
Additions	--
At 31 March 2021	<u>2,532,969</u>
<b><u>Accumulated depreciation and impairment losses</u></b>	
At 01 April 2019	177,308
Depreciation for the year	<u>25,330</u>
At 31 March 2020	<u>202,638</u>
Depreciation for the year	<u>25,330</u>
At 31 March 2021	<u>227,968</u>
<b><u>Carrying amount</u></b>	
At 01 April 2019	<u>2,355,661</u>
At 31 March 2020	<u>2,330,331</u>
At 31 March 2021	<u>2,305,001</u>

Investment properties are held for long-term rental yields and treated as long-term investments. The fair value of investment properties at the date of statement of financial position are based on directors' valuation. In determining the fair value, the directors have exercised their judgment and are satisfied that the fair value is relative of current market condition which is under level 3 of the fair value measurement hierarchy. The fair value of investment properties of the Company as at the statement of financial position date are US\$3,218,436 (2020: US\$2,562,652).

A detail of investment property as at 31 March 2021 is as follows:

<u>Location</u>	<u>Description</u>	<u>Existing use</u>	<u>Tenure</u>	<u>Land area (Sqm)</u>
2 Kallang Pudding Road, #02-09, Mactech Building, Singapore 349307	Warehouse	Rental	Freehold	298
2 Kallang Pudding Road, #02-14, Mactech Building, Singapore 349307	Warehouse	Rental	Freehold	150

The investment properties were leased to non-related party under operating leases.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****4. INVESTMENT PROPERTY - CONTINUED**

The following amounts are recognised in profit and loss:

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Rental income	51,322	57,876
Direct operating expenses arising from:		
- Investment property that generate rental income	<u>16,174</u>	<u>19,000</u>

**5. INVENTORIES**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Trading goods	<u>63,644</u>	<u>176,538</u>

The cost of inventories recognised as an expense and included in “cost of sales” amounts to US\$9,923,839 (2020: US\$11,853,285).

**6. TRADE AND OTHER RECEIVABLES**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Trade receivables		
- third parties	14,065	12,069
- related party	--	536,782
- immediate holding company	<u>8,819,097</u>	<u>8,195,529</u>
	8,833,162	8,744,380
Advance payment to a supplier	40,097	4,500
Deposits	834	839
Fixed deposit interest receivables	3,909	86,461
Other receivable	8,854	83,189
Prepayments	<u>372</u>	<u>148</u>
	<u>8,887,228</u>	<u>8,919,517</u>

Trade receivables are non-interest bearing and the Company’s normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**7. CASH AND CASH EQUIVALENTS**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Cash at bank and in hand	207,816	218,428
Fixed deposits	<u>8,654,573</u>	<u>8,307,366</u>
Cash and cash equivalents	8,862,389	8,525,794
Fixed deposits pledged	<u>(8,257,273)</u>	<u>(7,944,248)</u>
Cash and cash equivalents in the statement of cash flows	<u>605,116</u>	<u>581,546</u>

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****7. CASH AND CASH EQUIVALENTS - CONTINUED**

Fixed deposit denominated in United States dollar were placed with reputable bank and mature within 3 months (2020: 12 months) from year end which bear interest at an effective interest rates ranging from 0.21% to 1.65% (2020: 1.65% to 3.65%) per annum and amounting to US\$5,843,365 (2020: US\$5,738,020) were pledged to financial institution for banking facilities as set out in Note 12.

Fixed deposit denominated in Singapore dollar were placed with reputable bank and mature within 3 months (2020: 12 months) from year end which bear interest at an effective interest rates ranging from 0.35% to 1.35% (2020: 1.35%) per annum and amounting to US\$2,413,908 (2020: US\$2,206,228) were pledged to financial institution for banking facilities as set out in Note 12.

**8. SHARE CAPITAL**

	<u>2021</u>		<u>2020</u>	
	<u>No of shares</u>	<u>US\$</u>	<u>No of shares</u>	<u>US\$</u>
<b><u>Fully paid ordinary shares, with no par value</u></b>				
Balance at beginning of the financial year	12,232,500	8,319,706	12,232,500	8,319,706
Balance at end of the financial year	<u>12,232,500</u>	<u>8,319,706</u>	<u>12,232,500</u>	<u>8,319,706</u>

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 meetings of the Company without restrictions. All ordinary shares rank equally with regard to the Company's residual assets.

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished.

**9. ASSETS REVALUATION RESERVES**

	<u>2021</u>	<u>2020</u>
	<u>US\$</u>	<u>US\$</u>
Balance at beginning of the financial year	2,566,340	2,566,340
Balance at end of the financial year	<u>2,566,340</u>	<u>2,566,340</u>

Assets revaluation reserve is non-distributable.

**10. DEFERRED TAX LIABILITIES**

	<u>2021</u>	<u>2020</u>
	<u>US\$</u>	<u>US\$</u>
Balance at beginning of the financial year	149,890	149,890
Balance at end of the financial year	<u>149,890</u>	<u>149,890</u>
<b><u>Deferred tax liabilities</u></b>		
Excess of carrying amount of property, plant and equipment	<u>149,890</u>	<u>149,890</u>

**SWELECT ENERGY SYSTEMS PTE. LTD.**  
 (Registration No: 200402543C)  
 (Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**11. TRADE AND OTHER PAYABLES**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Trade payables		
- third parties	1,487,311	1,453,042
- immediate holding company	--	1,185
	<u>1,487,311</u>	<u>1,454,227</u>
Accrual expenses	17,092	23,240
Deposit payables	9,798	9,735
Provision for warranties	40,480	40,480
	<u>1,554,681</u>	<u>1,527,682</u>

The Company's normal trade credit term is 60 days.

**12. BANK BORROWINGS**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<u>Current</u>		
Trust receipts	<u>4,018,014</u>	<u>4,225,932</u>

The bank facilities are secured by:

- a) the Company's fixed deposits placed with the bank; and
- b) personal joint and several guarantee executed by the Company's director.

The effective interest rate implicit in the trust receipts are approximately ranging from 1.05% to 1.16% (2020: 1.61% to 2.80%) per annum.

Reconciliation to the statement of the financial position and the statements of cash flows. The table below details changes in the Company's liabilities arising from financing activities:

	<u>2021</u> <u>US\$</u>
<u>Bank borrowings</u>	
Balance at beginning of the financial year	4,225,932
Additions	9,355,855
Repayments	(9,563,773)
Balance at end of the financial year	<u>4,018,014</u>

**13. REVENUE**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<u>At a point in time</u>		
Revenue from sales of goods	<u>10,218,954</u>	<u>12,208,082</u>

**SWELECT ENERGY SYSTEMS PTE. LTD.**  
 (Registration No: 200402543C)  
 (Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**14. OTHER OPERATING INCOME**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Gain on foreign exchange	220,889	--
Interest income	63,268	132,140
Job support scheme	19,887	--
Other income	1,202	2,638
Rental income	51,322	57,876
Special employment credit	1,054	992
Wage credit scheme	2,006	1,342
	<u>359,628</u>	<u>194,988</u>

**15. RESULTS FROM OPERATING ACTIVITIES**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
These are included the following:		
Loss on foreign exchange	--	154,425
Management fee	17,542	17,538
MCST management fee	18,033	18,724
Employee benefits		
- Salaries, bonus and other costs	108,037	120,914
- Central Provident Fund and other pension costs	8,860	9,183
	<u>8,860</u>	<u>9,183</u>

**16. FINANCE COSTS**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Trust receipts interest	<u>47,662</u>	<u>109,454</u>

**17. INCOME TAX EXPENSES**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b><u>Current tax expenses</u></b>		
Current year	48,848	2,394
Adjustment for the prior year	5,194	--
Deferred taxation	--	--
	<u>54,042</u>	<u>2,394</u>



**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****17. INCOME TAX EXPENSES - CONTINUED**

A reconciliation between the tax expenses and the product of accounting profit / (loss) multiplied by the applicable tax rate for the financial year ended 31 March was as follows:

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b><u>Reconciliation of effective tax rate</u></b>		
Profit / (loss) before income tax	329,672	(18,083)
Tax calculated using Singapore tax rate at 17%	56,044	(3,074)
Adjustment for the prior year	5,194	--
Expenses not deductible for tax purposes	8,927	8,927
Income not subject to income tax	(3,381)	--
Statutory income exemption	(12,934)	(2,991)
Others	192	(468)
	<u>54,042</u>	<u>2,394</u>

**18. COMMITMENTS****Operating Lease Commitments****Lease as lessor**

Non-cancellable operating lease receivables are as follows:

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b><u>Receivables:</u></b>		
Not later than one year	48,273	55,591
Later than one year but not later than five years	20,215	26,532
	<u>68,488</u>	<u>82,123</u>

**19. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

The directors of the Company are considered as key management personnel.

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b><u>With immediate holding company</u></b>		
Sales	10,202,474	11,418,618
<b><u>With related party</u></b>		
Sales	--	544,820

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****19. SIGNIFICANT RELATED PARTY TRANSACTIONS - CONTINUED****Key management personnel compensation**

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company are considered as key management personnel.

Compensation payable to key management personnel comprised:

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Short - term employee benefits	<u>43,024</u>	<u>56,999</u>

**20. FINANCIAL RISK MANAGEMENT****Overview**

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, market risk, interest rate risk and currency risk.

**Risk Management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures aim to develop a disciplined and construction control environment in which all employees understand their rules and obligations.

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to settle its financial and contractual obligation, and arises principally from the Company's receivables from customers and debt investment.

The carrying amounts of financial assets and contract assets represent the Company's maximum exposures to credit risk, before taking into account any collateral held. The Company do not hold any collateral in respect of their financial assets.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company has policies in place to ensure sales are made to customers with an appropriate credit history and monitors their balances on ongoing basis.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****20. FINANCIAL RISK MANAGEMENT - CONTINUED****Credit risk - continued**

The Company believes that no impairment allowance was necessary in respect of its trade and other receivables based on historical payment behaviour and analysis of the underlying customers' credit quality.

**Trade receivables**

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime expected credit loss (ECL) based on allowance matrix. The allowance matrix is estimated based on historical credit losses rates and the past due status of the customers, adjusted as appropriate to reflect current and forward looking factors affecting the customers' ability to repay the receivables. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the allowance matrix. Trade receivables are substantially from companies with a good collection track record with the Company and hence the loss allowance, computed based on the allowance matrix, is negligible to the Company.

The following table provides information about the exposure to credit risk and expected credit loss (ECL) for trade receivables:

	<u>2020</u>			<u>2019</u>		
	<u>Carrying</u>	<u>Loss</u>	<u>ECL</u>	<u>Carrying</u>	<u>Loss</u>	<u>ECL</u>
	<u>amounts</u>	<u>allowance</u>	<u>rate</u>	<u>amounts</u>	<u>allowance</u>	<u>rate</u>
	<u>S\$</u>	<u>S\$</u>	<u>%</u>	<u>S\$</u>	<u>S\$</u>	<u>%</u>
Not past due	273,834	--	0.00	510,718	--	0.00
Past due 1 to 30 days	1,318,847	--	0.00	610,058	--	0.00
Past due 31 to 90 days	2,287,113	--	0.00	1,418,080	--	0.00
Past due more than 90 days	4,953,368	--	0.00	6,205,524	--	0.00
	<u>8,833,162</u>	<u>--</u>		<u>8,744,380</u>	<u>--</u>	

Based on historical default rate, the Company believes that no impairment allowance is necessary in respect of trade receivable not past due or past due. These receivables are mainly arising by customers that have a good record with the Company.

**Cash and cash equivalents**

Impairment on cash and cash equivalents have 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 credit worthiness of the bank counterparties. The amount of allowance is negligible.

Cash and cash equivalents consist of cash at bank and fixed deposits which are placed with banks which are regulated.

**Other receivables and deposits**

Impairment on other receivables and deposits have been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The other receivables and deposits are considers that to have low credit risk as there has been no significant increase in the risk of default on the other receivables and deposits since initial recognition. The amount of the allowance is negligible.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**20. FINANCIAL RISK MANAGEMENT - CONTINUED**

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and capital expenditure requirements.

The table below summarises the maturity profile of the Company's financial liabilities at the statement of financial position based on contractual undiscounted payments.

	Carrying amount	Contractual undiscounted cash flows	
		Total	Within 1 year
	US\$	US\$	US\$
<b>2021</b>			
Trade and other payables	1,554,681	1,554,681	1,554,681
Bank borrowings	4,018,014	4,018,014	4,018,014
	<u>5,572,695</u>	<u>5,572,695</u>	<u>5,572,695</u>
<b>2020</b>			
Trade and other payables	1,527,682	1,527,682	1,527,682
Bank borrowings	4,225,932	4,225,932	4,225,932
	<u>5,753,614</u>	<u>5,753,614</u>	<u>5,753,614</u>

**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 or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their borrowing. The preferred management of interest rate risk exposure in debt obligations is to fix low interest.

**Currency risk**

The Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Company.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****20. FINANCIAL RISK MANAGEMENT - CONTINUED****Currency risk - continued**

The Company's exposure to foreign currency is as follow:-

	<u>Euro</u> <u>US\$</u>	<u>Pound</u> <u>Sterling</u> <u>US\$</u>	<u>Singapore</u> <u>Dollar</u> <u>US\$</u>
<b><u>2021</u></b>			
Trade and other receivables	--	31,948	8,757
Cash and cash equivalents	--	--	2,866,736
Trade and other payables	--	--	(20,152)
	--	31,948	2,855,341
<b><u>2020</u></b>			
Trade and other receivables	620,712	28,804	29,350
Cash and cash equivalents	--	--	2,617,534
Trade and other payables	(300,119)	--	(26,830)
	320,593	28,804	2,620,054

*Sensitivity analysis*

A 10% strengthening of United States dollar against the following currencies at the reporting date would increase / (decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b><u>Profit or loss</u></b>		
Euro	--	32,059
Pound Sterling	3,195	2,880
Singapore dollar	285,534	262,200
	297,139	297,139

A 10% weakening of United States dollar against the above currencies would have had the equal but opposite effect on the currencies to the amounts shown above, on the basis that all other variables remain constant.

**21. FINANCIAL INSTRUMENTS BY CATEGORY**

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b>Financial assets measured at amortised cost</b>			
Trade receivables	6	8,833,162	8,744,380
Other receivables	6	53,694	174,989
Cash and cash equivalents	7	8,862,389	8,525,794
Total financial assets measured at amortised cost		17,749,245	17,445,163

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021****21. FINANCIAL INSTRUMENTS BY CATEGORY - CONTINUED**

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	11	1,487,311	1,454,227
Other payables	11	67,370	73,455
Bank borrowings	12	4,018,014	4,225,932
Total financial liabilities measured at amortised cost		<u>5,572,695</u>	<u>5,753,614</u>

**22. FINANCIAL VALUES OF FINANCIAL INSTRUMENTS****Fair values measurement**

The fair value information presented represents the Company's best estimate of those values and may be subject to certain assumption and limitations. The methodologies and assumptions used in the estimation of fair values depend on the terms and characteristics of the various instruments.

The following table presents assets measured at fair value and classified by level of the following fair value measurement hierarchy.

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

The non-financial assets not carried at fair value but for which fair value are disclosed by level of fair value hierarchy are as follows:

	<u>Level 1</u> <u>US\$</u>	<u>Level 2</u> <u>US\$</u>	<u>Level 3</u> <u>US\$</u>
<b><u>2021</u></b>			
Investment properties	--	--	3,218,436
<b><u>2020</u></b>			
Investment properties	--	--	2,562,652

There were no transfers between levels during the financial year.

The fair value disclosure of investment property was estimated by directors and was arrived at using the Sales Comparison Method whereby sales prices of comparable properties in similar locations are adjusted for differences in key attributes such as property size and estimated by directors. The resulting fair values of investment property are considered Level 3 recurring fair value measurements.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021**

**22. FINANCIAL VALUES OF FINANCIAL INSTRUMENTS - CONTINUED**

**Fair values measurement - continued**

There have been no changes in the valuation techniques of investment property during the financial year.

**23. DETERMINATION OF FAIR VALUE**

A number of Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*Non-derivative financial liabilities*

The fair values of non-derivative financial liabilities which are determined for disclosure purpose are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

*Other non-derivative financial assets and liabilities*

The carrying amounts of other non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

**24. CAPITAL MANAGEMENT**

The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company included of share capital and accumulated profits. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Company's approach to capital management during the financial year.

The Company is not subject to externally imposed capital requirements.

**25. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the same date as per statement by directors on page 3.

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Revenue	10,218,954	12,208,082
Less: <u>Cost of sales</u>		
Opening inventories	176,538	56,661
Purchases	9,810,945	11,973,162
	9,987,483	12,029,823
Less: Closing inventories	(63,644)	(176,538)
	9,923,839	11,853,285
Gross profit	295,115	354,797
Add: <u>Other operating income</u>		
Gain on foreign exchange	220,889	-
Interest income	63,268	132,140
Job support scheme	19,887	-
Other income	1,202	2,638
Rental income	51,322	57,876
Special employment credit	1,054	992
Wage credit scheme	2,006	1,342
	359,628	194,988
	654,743	549,785
Less: Selling and distribution expenses	(45,080)	(211,424)
Less: Administrative expenses	(229,936)	(244,291)
Less: Other operating expenses	(2,393)	(2,699)
Less: Finance costs	(47,662)	(109,454)
Profit / (loss) before income tax	329,672	(18,083)



**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration No: 200402543C)

(Incorporated in the Republic of Singapore)

**DETAILED OPERATING EXPENSES SCHEDULE  
FOR THE YEAR ENDED 31 MARCH 2021**

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
<u>Selling and distribution expenses</u>		
Directors' remuneration	43,024	56,999
Freight handling charges	2,056	-
Loss on foreign exchange	-	154,425
	45,080	211,424
<u>Administrative expenses</u>		
Auditors' remuneration	7,397	7,362
Bank charges	46,137	53,400
Depreciation of property, plant and equipment	28,307	27,792
Depreciation of investment properties	25,330	25,330
Insurance	296	283
Management fee	17,542	17,538
MCST management fee	18,033	18,724
Medical expenses	-	274
Professional fee	573	3,265
Property tax	8,232	12,327
Salaries, CPF and SDL	73,873	73,099
Secretarial fee	593	588
Subscription fee	601	594
Telecommunication	1,969	2,189
Transport and travelling expenses	94	73
Upkeep of office	127	325
Utilities	832	1,128
	229,936	244,291
<u>Other operating expenses</u>		
General expenses	2,231	2,224
Printing, stationery and postages	162	475
	2,393	2,699
<u>Finance costs</u>		
Trust receipts interest	47,662	109,454
	47,662	109,454
Total operating expenses	<u>325,071</u>	<u>567,868</u>