

**ANNUAL REPORT 2023**  
Audited Financial Statements  
And Other Financial Information

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

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**SWELECT ENERGY SYSTEMS PTE. LTD.**  
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## **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 2023.

### **OPINION OF DIRECTORS**

In the opinion of directors:

- (a) the accompanying statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at **31 March 2023** and the financial performance, changes in equity and cash flow of the Company for the financial year ended on that date; 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

### **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 Singapore Companies Act 1967 (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:

<u>Name of directors</u>	<u>Shareholdings registered in the name of directors</u>		<u>Shareholdings in which the directors are deem to have an interest</u>	
	<u>As at 01/04/2022</u>	<u>As at 31/03/2023</u>	<u>As at 01/04/2022</u>	<u>As at 31/03/2023</u>
<b><u>The Company</u></b> <b><u>(Ordinary shares of S\$1.00 each)</u></b>				
Ramasamy Gounder Chellappan	--	--	5,969,460	5,969,460
Venkatagiri Chellappan Raghunath	--	--	47,707	47,707
Wong Yuk Hung	--	--	--	--

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**DIRECTORS' INTEREST IN SHARES OR DEBENTURES - CONTINUED**

3. According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (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:

<u>Name of directors</u>	<u>Shareholdings registered in the name of directors</u>		<u>Shareholdings in which the directors are deemed to have an interest</u>	
	<u>As at 01/04/2022</u>	<u>As at 31/03/2023</u>	<u>As at 01/04/2022</u>	<u>As at 31/03/2023</u>
<b><u>The Immediate and Ultimate Holding Company</u></b>				
<b><u>(Ordinary shares of Rs10.00 each)</u></b>				
Ramasamy Gounder Chellappan	7,397,860	7,397,860	--	--
Venkatagiri Chellappan	58,515	58,515	--	--
Raghunath				
Wong Yuk Hung	--	--	--	--
<b><u>Subsidiary Company</u></b>				
<b><u>(Ordinary shares of Rs10.00 each)</u></b>				
Ramasamy Gounder Chellappan	--	--	--	4,870
Venkatagiri Chellappan	--	10	--	39
Raghunath				
Wong Yuk Hung	--	--	--	--

**SHARE OPTIONS**

4. 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.

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**INDEPENDENT AUDITORS**

5. 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

Singapore,

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

	<u>Note</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	917,234	2,447,976
Investment properties	4	3,757,236	2,279,671
Investment in subsidiary	5	2,429,469	-
<b>Total non-current assets</b>		7,103,939	4,727,647
<b>Current assets</b>			
Inventories	6	9,385	9,385
Trade and other receivables	7	7,847,495	13,614,187
Cash and cash equivalents	8	8,590,731	9,366,152
<b>Total current assets</b>		16,447,611	22,989,724
<b>Total assets</b>		<u>23,551,550</u>	<u>27,717,371</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Issued capital and reserves attributable to owners of the Company</b>			
Share capital	9	8,319,706	8,319,706
Assets revaluation reserve	10	2,566,340	2,566,340
Accumulated profits		5,904,925	6,071,594
<b>Total equity</b>		<u>16,790,971</u>	<u>16,957,640</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	149,890	149,890
<b>Total non-current liabilities</b>		149,890	149,890
<b>Current liabilities</b>			
Trade and other payables	12	3,246,550	3,813,570
Bank borrowings	13	3,345,554	6,781,909
Income tax payables		18,585	14,362
<b>Total current liabilities</b>		6,610,689	10,609,841
<b>Total liabilities</b>		<u>6,760,579</u>	<u>10,759,731</u>
<b>Total equity and liabilities</b>		<u>23,551,550</u>	<u>27,717,371</u>

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

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Note</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Revenue	14	7,064,292	14,379,975
Cost of sales		(6,914,603)	(13,924,698)
Gross profits		<u>149,689</u>	<u>455,277</u>
Other operating income	15	212,351	86,132
Selling and distribution expenses		(138,079)	(82,861)
Administrative and other expenses		(210,158)	(243,324)
Finance costs	16	(190,030)	(54,454)
<b>(Loss) / profit before income tax</b>	17	<u>(176,227)</u>	<u>160,770</u>
Income tax credit / (expenses)	18	9,558	(4,228)
<b>(Loss) / profit for the financial year</b>		<u>(166,669)</u>	<u>156,542</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 financial year</b>		<u>(166,669)</u>	<u>156,542</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 31 MARCH 2023**

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	<b><u>Issued capital and reserves attributable to owners of the Company</u></b>			
	<b><u>Share Capital</u></b>	<b><u>Assets Revaluation Reserve</u></b>	<b><u>Accumulated Profits</u></b>	<b><u>Total Equity</u></b>
	<b><u>US\$</u></b>	<b><u>US\$</u></b>	<b><u>US\$</u></b>	<b><u>US\$</u></b>
At 01 April 2021	8,319,706	2,566,340	5,915,052	16,801,098
<b>Total comprehensive income for the financial year</b>				
- Profit for the financial year	-	-	156,542	156,542
At 31 March 2022	8,319,706	2,566,340	6,071,594	16,957,640
<b>Total comprehensive income for the financial year</b>				
- Loss for the financial year	-	-	(166,669)	(166,669)
At 31 March 2023	8,319,706	2,566,340	5,904,925	16,790,971

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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 FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Note</u>	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before income tax		(176,227)	160,770
Adjustments for:			
Depreciation of property, plant and equipment	3	10,961	28,010
Depreciation of investment properties	4	42,216	25,330
Interest income		(136,474)	(23,614)
Interest expenses		190,030	54,454
Operating cash flows before changes in working capital		(69,494)	244,950
Changes in working capital			
Inventories		-	54,259
Trade and other receivables		5,773,406	(4,726,959)
Trade and other payables		(567,020)	2,258,889
Cash generated from / (used in) operations		5,136,892	(2,168,861)
Interest paid		(190,030)	(54,454)
Income tax refund / (paid)		13,782	(60,080)
<b>Net cash generated from / (used in) operating activities</b>		<u>4,960,644</u>	<u>(2,283,395)</u>
<b>INVESTING ACTIVITIES</b>			
Interest received		136,474	23,614
Investment in subsidiary		(2,429,469)	-
Purchase of property, plant and equipment	3	-	(350)
<b>Net cash (used in) / generated from investing activities</b>		<u>(2,292,995)</u>	<u>23,264</u>
<b>FINANCING ACTIVITIES</b>			
Fixed deposit pledged		(348,400)	32,637
Non-trade amounts due from directors		(6,714)	-
Proceeds from loan		2,455,000	-
(Repayment of) / proceeds from financing under trust receipts		(3,436,355)	2,763,895
Repayment of loan		(2,455,000)	-
<b>Net cash (used in) / generated from financing activities</b>		<u>(3,791,469)</u>	<u>2,796,532</u>
Net (decrease) / increase in cash and cash equivalent		(1,123,820)	536,401
Cash and cash equivalent at beginning of the financial year		1,141,517	605,116
<b>Cash and cash equivalents at end of the financial year</b>	8	<u>17,697</u>	<u>1,141,517</u>

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

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

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### **NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

The principal activity of the subsidiary is disclosed in Note 5 to the financial statements.

As the Company meets the exemption criteria in FRS 110 Consolidated Financial Statements, it does not need to prepare consolidated financial statements and it only presents the Company’s separate financial statements. Consolidated financial statements are prepared by **SWELECT ENERGY SYSTEMS LIMITED**, which has a registered office at “**SWELECT HOUSE**”, No 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai – 600 004, India.

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 2022.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED****(c) Standards issued but not yet effective - continued**

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 1 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-Current</i>	01 January 2024
Amendments to FRS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	01 January 2024
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: <i>Definition of Accounting Estimates</i>	01 January 2023
Amendments to FRS 12 Income Taxes: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	01 January 2023
Amendments to FRS 116 Leases: Lease Liability in a Sales and Leaseback	01 January 2024
Amendments to FRS 117: <i>Insurance Contracts</i>	01 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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

**(d) Investment in subsidiary**

Subsidiary is entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiary in the statement of financial position is stated at cost less accumulated impairment losses. On disposal of such investment, the difference between disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

**(e) 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(f) 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.

**(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 6 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 other 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 7 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

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

**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.

**(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\$18,585 (2022: US\$14,362) and US\$149,890 (2022: US\$149,890) respectively.

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

The fair value of the investment properties was based on directors' valuation (2022: independent professional valuation). In determining the fair value, directors have exercised their judgement and satisfied that the fair value reflected current market conditions (2022: valuers based on open market value). The fair value of investment properties of the Company as at the statement of financial position date are US\$4,835,792 (2022: US\$2,756,022)

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(g) 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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

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

**(iii) Depreciation - continued**

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.

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

Freehold properties	1%
Computer equipment	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.

**(h) 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(h) Investment properties - continued**

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.

**(i) Financial instruments**

**a) 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 and FVPL. The Company only has debt instrument at amortised cost.

*(i) 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.



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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(i) Financial instruments - continued**

**a) Financial assets - continued**

**Subsequent measurement - continued**

*Investment in debt instruments - continued*

*(ii) Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

*(iii) Fair value through profit or loss*

Assets that do not meet the criteria for amortisation cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt-instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

*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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(i) Financial instruments - continued**

**b) Financial liabilities - continued**

**Initial recognition and measurement - continued**

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.

**c) 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.

**(j) 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 costs;
- contract assets; and
- lease receivables.

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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(j) Impairment - continued**

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

**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 realising 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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(j) Impairment - continued**

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

**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.

**(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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(j) Impairment - continued**

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

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.

**(k) 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.

**(l) 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.

**(m) 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(n) 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.

**(o) 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.

**(p) 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.

Finance costs comprise interest expense on borrowings. All borrowing costs are recognised 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.

**(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.

**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

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

**(q) Revenue - continued**

**(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) 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.

**(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) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

**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 2021	2,717,915	2,412	102,809	5,505	2,828,641
Additions	--	350	--	--	350
At 31 March 2022	2,717,915	2,762	102,809	5,505	2,828,991
Additions	--	--	--	--	--
Reclassification to investment properties (Note 4)	(1,688,646)	--	--	--	(1,688,646)
At 31 March 2023	1,029,269	2,762	102,809	5,505	1,140,345
Comprising					
- At cost	--	2,762	102,809	5,505	111,076
- At valuation	1,029,269	--	--	--	1,029,269
	1,029,269	2,762	102,809	5,505	1,140,345
<b><u>Accumulated depreciation and accumulated impairment losses</u></b>					
At 01 April 2021	244,613	2,361	102,492	3,539	353,005
Depreciation for the financial year	27,179	168	80	583	28,010
At 31 March 2022	271,792	2,529	102,572	4,122	381,015
Depreciation for the financial year	10,292	117	80	472	10,961
Reclassification to investment properties (Note 5)	(168,865)	--	--	--	(168,865)
At 31 March 2023	113,219	2,646	102,652	4,594	223,111
<b><u>Carrying amount</u></b>					
At 01 April 2021	2,473,302	51	317	1,966	2,475,636
At 31 March 2022	2,446,123	233	237	1,383	2,447,976
At 31 March 2023	916,050	116	157	911	917,234

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

	<u>2023</u> US\$	<u>2022</u> US\$
Cash payments	--	350

If the freehold properties were measured using the cost model, the carrying amounts would be as follows:

	<u>2023</u> US\$	<u>2022</u> US\$
Freehold properties		
- At cost	527,549	1,142,626
- Accumulated depreciation	(80,412)	(162,739)
	447,137	979,887



**SWELECT ENERGY SYSTEMS PTE. LTD.****(Registration No: 200402543C)****(Incorporated in the Republic of Singapore)****NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****3. PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

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.

**4. INVESTMENT PROPERTIES**

	<u>Total</u> <u>US\$</u>
<b><u>Cost</u></b>	
At 01 April 2021	2,532,969
Additions	--
At 31 March 2022	<u>2,532,969</u>
Additions	--
Reclassification from property, plant and equipment (Note 3)	<u>1,688,646</u>
At 31 March 2023	<u><u>4,221,615</u></u>
<b><u>Accumulated depreciation and accumulated impairment losses</u></b>	
At 01 April 2021	227,968
Depreciation for the financial year	<u>25,330</u>
At 31 March 2022	253,298
Depreciation for the financial year	42,216
Reclassification from property, plant and equipment (Note 3)	<u>168,865</u>
At 31 March 2023	<u><u>464,379</u></u>
<b><u>Carrying amount</u></b>	
At 01 April 2021	<u>2,305,001</u>
At 31 March 2022	<u>2,279,671</u>
At 31 March 2023	<u><u>3,757,236</u></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 (2022: independent professional valuation). In determining the fair value, the directors have exercised their judgment and are satisfied that the fair value reflected current market condition (2022: valuers based on open market value) 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\$4,835,792 (2022: US\$2,756,022).

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****4. INVESTMENT PROPERTIES - CONTINUED**

A detail of investment property as at 31 March 2023 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
8 Kitchener Link, #25-14, City Square Residences, Singapore 207226	Residential	Rental	Freehold	113

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

The following amounts are recognised in profit and loss:

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Rental income	75,146	58,662
Direct operating expenses arising from:		
- Investment property that generate rental income	20,574	19,342
- Investment property that non-generate rental income	2,599	--

**5. INVESTMENT IN SUBSIDIARY**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Unquoted equity investment, at cost	2,429,469	--

Details of unquoted equity investment in subsidiary is as follows:

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation/ business</u>	<u>Effective percentage of equity held</u>	
			<u>2023</u> %	<u>2022</u> %
<u>Held by the Company</u>				
Swelect HHV Solar Photovoltaics Private Limited	Maintenance for solar power plant and generation and sales of solar power	India	99.9	--

*Audited by Ramya Ganapathy Chartered Accountants, India*

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

**6. INVENTORIES**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Trading goods	9,385	9,385

The cost of inventories recognised as an expense and included in “cost of sales” amounts to US\$6,914,603 (2022: US\$13,924,698).

**7. TRADE AND OTHER RECEIVABLES**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Trade receivables		
- third parties	8,346	24,751
- related party	--	203,157
- subsidiary	6,619,702	--
- immediate holding company	1,202,777	13,373,880
	<u>7,830.825</u>	<u>13,601,788</u>
Amounts due from directors	6,714	--
Deposits	427	834
Fixed deposit interest receivables	--	2,621
Other receivable	8,709	8,944
Prepayments	820	--
	<u>7,847,495</u>	<u>13,614,187</u>

Trade receivables are non-interest bearing and the Company’s normal trade credit term is 120 days (2022: 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.

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

<u>2023</u>	<u>Amounts</u> <u>due from</u> <u>directors</u> <u>US\$</u>
Beginning of the financial year	--
Additions	15,384
Repayments	<u>(8,670)</u>
End of the financial year	<u>6,714</u>

**8. CASH AND CASH EQUIVALENTS**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Cash at bank and in hand	17,697	752,149
Fixed deposits	8,573,034	8,614,003
Cash and cash equivalents	8,590,731	9,366,152
Fixed deposits pledged	<u>(8,573,034)</u>	<u>(8,224,635)</u>
Cash and cash equivalents in the statement of cash flows	<u>17,697</u>	<u>1,415,517</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****8. CASH AND CASH EQUIVALENTS - CONTINUED**

Fixed deposit denominated in United States dollar were placed with reputable bank and mature within 6 months (2022: 3 months) from year end which bear interest at an effective interest rate ranging from 0.13% to 4.00% (2022: 0.18% to 0.21%) per annum and amounting to US\$8,421,398 (2022: US\$5,858,920) were pledged to financial institution for banking facilities as set out in Note 13.

Fixed deposit denominated in Singapore dollar were placed with reputable bank and mature within 3 months (2022: 3 months) from year end which bear interest at an effective interest rate ranging from 0.33% to 1.00% (2022: 0.31% to 0.33%) per annum and amounting to US\$151,636 (2022: US\$2,365,714) were pledged to financial institution for banking facilities as set out in Note 13.

**9. SHARE CAPITAL**

	<u>2023</u>		<u>2022</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>				
Beginning of the financial year	12,232,500	8,319,706	12,232,500	8,319,706
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.

**10. ASSETS REVALUATION RESERVES**

	<u>2023</u>	<u>2022</u>
	<u>US\$</u>	<u>US\$</u>
Beginning of the financial year	2,566,340	2,566,340
End of the financial year	<u>2,566,340</u>	<u>2,566,340</u>

Assets revaluation reserve is non-distributable.

	<u>2023</u>	<u>2022</u>
	<u>US\$</u>	<u>US\$</u>
Beginning of the financial year	149,890	149,890
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>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

**12. TRADE AND OTHER PAYABLES**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Trade payables - third parties	3,137,823	3,726,563
Accrual expenses	58,449	36,729
Deposit payables	9,798	9,798
Provision for warranties	40,480	40,480
	<u>3,246,550</u>	<u>3,813,570</u>

The Company's normal trade credit term is ranging from 30 to 120 days (2022: 90 days).

**13. BANK BORROWINGS**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<u>Current</u> Trust receipts	<u>3,345,554</u>	<u>6,781,909</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 5.42% to 5.91% (2022: 1.06% to 1.75%) 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>Bank borrowings</u> <u>US\$</u>
<u>2023</u> Beginning of the financial year	6,781,909
Additions	7,503,798
Repayments	(10,940,153)
End the financial year	<u>3,345,554</u>

**14. REVENUE**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<u>At a point in time</u> Revenue from sales of goods	<u>7,064,292</u>	<u>14,379,975</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

**15. OTHER OPERATING INCOME**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Interest income	136,474	23,614
Job support scheme	--	1,549
Rental income	75,146	58,662
Senior employment credit	--	351
Special employment credit	--	429
Wage credit scheme	731	1,527
	<u>212,351</u>	<u>86,132</u>

**16. FINANCE COSTS**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Loan interest	43,862	--
Trust receipts interest	146,168	54,454
	<u>190,030</u>	<u>54,454</u>

**17. (LOSS) / PROFIT BEFORE INCOME TAX**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
(Loss) / profit before income tax has been arrived at after charging / (crediting):		
Loss on foreign exchange	87,125	69,965
Management fee	8,704	17,775
MCST management fee	18,224	18,753
Employee benefits		
- Salaries, bonus and other costs	106,576	78,587
- Central Provident Fund and other pension costs	6,943	8,095
	<u>6,943</u>	<u>8,095</u>

**18. INCOME TAX (CREDIT) / EXPENSES**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<b><u>Current tax expenses</u></b>		
Current financial year	--	23,201
Adjustment for the prior financial year	(9,558)	(18,973)
Deferred taxation	--	--
	<u>(9,558)</u>	<u>4,228</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****18. INCOME TAX (CREDIT) / EXPENSES - CONTINUED**

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

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<b><u>Reconciliation of effective tax rate</u></b>		
(Loss) / profit before income tax	(176,227)	160,770
Tax calculated using Singapore tax rate at 17% (2022: 17%)	(29,959)	27,331
Adjustment for the prior financial year	(9,558)	(18,973)
Deferred tax assets not recognised	13,462	--
Expenses not deductible for tax purposes	16,383	8,926
Income not subject to income tax	--	(263)
Statutory income exemption	--	(12,875)
Others	114	82
	<u>(9,558)</u>	<u>4,228</u>

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

Non-cancellable operating lease receivables are as follows:

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<b><u>Receivables:</u></b>		
Not later than one year	29,390	58,519
Later than one year but not later than five years	--	27,930
	<u>23,390</u>	<u>86,449</u>

**20. SIGNIFICANT RELATED PARTY TRANSACTIONS**

In additional 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>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<b><u>Sales</u></b>		
- Immediate holding company	3,862,702	14,176,818
- Related party	--	203,157
- Subsidiary	3,201,590	--
	<u>7,064,292</u>	<u>14,380,000</u>
<b><u>Management fee paid</u></b>		
- Directors	8,704	15,733
	<u>8,704</u>	<u>15,733</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

**20. 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>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Short - term employee benefits	<u>48,164</u>	<u>12,896</u>

**21. 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.

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.

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.



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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****21. FINANCIAL RISK MANAGEMENT - CONTINUED****Credit risk - continued****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>2023</u>			<u>2022</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>US\$</u>	<u>US\$</u>	<u>%</u>	<u>US\$</u>	<u>US\$</u>	<u>%</u>
Not past due	3,201,590	--	0.00	2,160,844	--	0.00
Past due 121 to 240 days (2022: 1 to 30 days)	3,418,112	--	0.00	1,044,409	--	0.00
Past due 241 to 360 days (2022: 31 to 90 days)	--	--	0.00	4,142,622	--	0.00
Past due more than 361 days (2022: more than 90 days)	1,211,123	--	0.00	6,253,913	--	0.00
	<u>7,830,825</u>	<u>--</u>		<u>13,601,788</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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****21. 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\$
<b>2023</b>			
Trade and other payables	3,246,550	3,246,550	3,246,550
Bank borrowings	3,345,554	3,345,554	3,345,554
	<u>6,592,104</u>	<u>6,592,104</u>	<u>6,592,104</u>
<b>2022</b>			
Trade and other payables	3,813,570	3,813,570	3,813,570
Bank borrowings	6,781,909	6,781,909	6,781,909
	<u>10,595,479</u>	<u>10,595,479</u>	<u>10,595,479</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.

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

	<u>Pound Sterling US\$</u>	<u>Singapore Dollar US\$</u>
<b>2023</b>		
Trade and other receivables	28,699	5,529
Cash and cash equivalents	--	164,882
Trade and other payables	--	(21,147)
	<u>28,699</u>	<u>149,264</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****21. FINANCIAL RISK MANAGEMENT - CONTINUED****Currency risk - continued**

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

	<u>Pound Sterling US\$</u>	<u>Singapore Dollar US\$</u>
<b><u>2022</u></b>		
Trade and other receivables	31,948	19,509
Cash and cash equivalents	--	2,815,474
Trade and other payables	--	(21,865)
	<u>31,948</u>	<u>2,813,118</u>

*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>2023 US\$</u>	<u>2022 US\$</u>
<b><u>Profit or loss</u></b>		
Pound Sterling	2,870	3,195
Singapore dollar	<u>14,926</u>	<u>281,312</u>
	<u>17,796</u>	<u>284,507</u>

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.

**22. 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>2023 US\$</u>	<u>2022 US\$</u>
<b>Financial assets measured at amortised cost</b>			
Trade receivables	6	7,830,825	13,601,788
Other receivables	6	15,850	12,399
Cash and cash equivalents	7	8,590,731	9,366,152
Total financial assets measured at amortised cost		<u>16,437,406</u>	<u>22,980,339</u>
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	11	3,137,823	3,726,563
Other payables	11	108,727	87,007
Bank borrowings	12	3,345,554	6,781,909
Total financial liabilities measured at amortised cost		<u>6,592,104</u>	<u>10,595,479</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023****23. 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>
<u>2023</u>			
Investment properties	--	--	4,835,792
<u>2022</u>			
Investment properties	--	--	2,756,022

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.

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

**24. 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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2023**

**24. DETERMINATION OF FAIR VALUE - CONTINUED**

*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.

**25. 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.

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

The financial statements for the financial year ended 31 March 2023 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 4.

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**DETAILED INCOME STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
Revenue	7,064,292	14,379,975
Less: <u>Cost of sales</u>		
Opening inventories	9,385	63,644
Purchases	6,914,603	13,870,439
	6,923,988	13,934,083
Less: Closing inventories	(9,385)	(9,385)
	6,914,603	13,924,698
Gross profit	149,689	455,277
Add: <u>Other operating income</u>		
Interest income	136,474	23,614
Job support scheme	-	1,549
Rental income	75,146	58,662
Senior employment credit	-	351
Special employment credit	-	429
Wage credit scheme	731	1,527
	212,351	86,132
	362,040	541,409
Less: Selling and distribution expenses	(138,079)	(82,861)
Less: Administrative expenses	(207,961)	(238,557)
Less: Other operating expenses	(2,197)	(4,767)
Less: Finance costs	(190,030)	(54,454)
(Loss) / profit before income tax	(176,227)	160,770

**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**DETAILED OPERATING EXPENSES SCHEDULE  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>2023</u> <u>US\$</u>	<u>2022</u> <u>US\$</u>
<u>Selling and distribution expenses</u>		
Directors' remuneration	48,164	12,896
Gift & Donation	112	-
Loss on foreign exchange	87,125	69,965
Recruitment fee	2,678	-
	138,079	82,861
<u>Administrative expenses</u>		
Auditors' remuneration	8,294	8,239
Bank charges	30,981	42,346
Depreciation of property, plant and equipment	10,961	28,010
Depreciation of investment properties	42,216	25,330
Insurance	1,477	296
Management fee	8,704	17,775
MCST management fee	18,224	18,753
Medical expenses	-	43
Professional fee	5,984	8,459
Property tax	10,859	10,914
Salaries, CPF and SDL	65,355	73,786
Secretarial fee	592	1,067
Subscription fee	595	588
Telecommunication	1,300	1,637
Transport and travelling expenses	655	155
Upkeep of office	73	43
Utilities	1,691	1,116
	207,961	238,557
<u>Other operating expenses</u>		
General expenses	2,013	4,548
Printing, stationery and postages	184	219
	2,197	4,767
<u>Finance costs</u>		
Loan interest	43,862	-
Trust receipts interest	146,168	54,454
	190,030	54,454
Total operating expenses	<u>538,267</u>	<u>380,639</u>

**SWELECT ENERGY SYSTEMS PTE. LTD.**

(Registration Number : 200402543C)

2 Kallang Pudding Road

#02-12 Mactech Building

Singapore 349307

**Wu Chiaw Ching & Company**

8 Burn Road

#08-06 Trivex

Singapore 369977

Dear Sirs,

We have reviewed and approved the following adjustments and would appreciate it if you could incorporate them into the financial statements for the financial year ended 31 March 2023.

<b>Proposed Adjustments</b>	<b>DR <u>US\$</u></b>	<b>CR <u>US\$</u></b>
1 Accumulated depreciation - property, plant and equipment	168,865.01	
Cost - property, plant and equipment		1,688,645.87
Cost - Investment properties	1,688,645.87	
Accumulated depreciation - Investment properties		168,865.01
Accumulated depreciation - property, plant and equipment	16,886.68	
Depreciation of property, plant and equipment		16,886.68
(Being reclassification of City Square from property, plant and equipment to investment properties)		
2 Depreciation of investment properties	16,886.68	
Accumulated depreciation - Investment properties		16,886.68
(Being reclassification of City Square from property, plant and equipment to investment properties)		
3 Income tax expenses	8,838.67	
Income tax payables		8,838.67
(Being underprovision of income tax for prior year)		
4 Rental income	45.07	
Gain/(Loss) in Exchange - Realised		45.07
(Being reclassification of accounts)		
5 HSBC (Security insurance)	2,488.19	
Interest income		2,488.19
(Being underprovision of interest income for the year)		
6 Exchange difference	87,754.10	
HSBC (FD) (SGD) 041-578865-501		87,754.10
(Being adjustment for revaluation of fixed deposits for the year)		

Yours faithfully,

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



**SWELECT ENERGY SYSTEMS PTE. LTD.**

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**2 Kallang Pudding Road**

**#02-12 Mactech Building**

**Singapore 349307**

**Wu Chiaw Ching & Company**

**8 Burn Road**

**#08-06 Trivex**

**Singapore 369977**

Dear Sirs,

We have reviewed and approved the following adjustments and would appreciate it if you could incorporate them into the financial statements for the financial year ended 31 March 2023.

	<b>Proposed Adjustments</b>	<b>DR</b>	<b>CR</b>
		<b><u>US\$</u></b>	<b><u>US\$</u></b>
7	Loan interests	43,861.95	
	Bank charges		43,861.95
	(Being reclassification of accounts)		
8	Amounts due from director - Venkatagiri Chellappan Raghunath	2,431.90	
	Investment in subsidiary		2,431.90
	(Being reclassification of payment for 10 shares in Swelect HHV on behalf of director)		

Yours faithfully,

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director