

IBS Software Europe Limited

Annual report and financial statements

Registered number 04484344

For the year ended 31 March 2020



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Company Information

Director

Valayil Korath Mathews

Secretary

Vikash Sureka (Upto 31 January 2021)

Kanchana Chitra Trichy Narayanaswamy (From 01 February 2021)

Registered Office:

No.225, 2 Arlington Square
Venture House, Downshire Way
Bracknell, RG12 1WA,
United Kingdom

Registered number 04484344

Auditor

Deloitte LLP,
Union Plaza, 1 Union Wynd,
Aberdeen AB10 1SL, United Kingdom

Banker

Standard Chartered Bank
5th Floor, 1 Basinghall Avenue,
EC2V 5DD, London, United Kingdom

Solicitor

Shoosmiths LLP
1st Floor, Witan Gate House
500-600 Witan Gate West,
Milton Keynes MK9 1SH,
United Kingdom

Strategic report

Principal activities

IBS Software Europe Limited (the "Company") is a software solutions provider to the travel industry globally. Our product portfolio of mission critical and cloud-native platforms include iCargo for air cargo business operations, iFlight for managing flight, crew and aircraft maintenance operations, iFly for airline passenger services system, ancillary product sales and loyalty program management, iTravelCruise for tour and cruise companies, Demand gateway for business-to-business distribution network for hospitality partners, distributing availability, rates and inventory into a large network of digital sales channels globally. The Company's core strength is its highly motivated and empowered staff, their domain knowledge, expertise and experience in state-of-the-art technologies and the process competence to deliver software products and solutions to the travel industry. The director anticipates building on these strengths in future years. IBS Software Europe Limited together with its parent and all its subsidiaries/ fellow subsidiaries is referred to as the "Group"

Principal risks, uncertainties and financial risk management

The Company's operations expose it to a variety of operational and financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance.

The primary market risk to the Company is foreign exchange risk, through the volatility of the US Dollar and the Euro. This risk is managed by matching costs to income earned in the same currency wherever possible.

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment. The Company has helped mitigate risk by requesting appropriate credit checks on potential customers before sales are made and chasing debts on a timely basis.

The director minimises liquidity risks by regularly monitoring the working capital funds available to the Company and ensuring that the company has sufficient funds for its day-to-day operations. The Company maintains cash in readily accessible bank accounts, which earn interest at market rate. The Company can also request short-medium term funding from its parent company, as and when required.

The operations of the company may be impacted by the health of the travel industry. There could be declines or disruptions to travel volumes due to several factors like global security, political instability, pandemics, natural disasters, changes in laws and regulations governing the travel industry etc. The company addresses these risks by application of enhanced business standards covering key processes, following an enhanced scenario based approach to determine the appropriate level of action plans in each cases and actively working along with its clients across the globe to ensure the continuity of the contracts and relationships.

The Company follows the group's risk management assessment and policies and processes which are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor such risks and compliance.

COVID-19

Covid-19 pandemic has brought significant change to the global economic, social, political and business landscape. In response, we have continually reviewed the potential impacts of the pandemic on our principal risks to identify any new risks or changes to existing risks and opportunities that may have arisen, with a specific focus on what could change the risk profile materially. Whilst the pandemic has not created any additional principal risks, we have amended, as appropriate, some of our mitigating actions to handle the pandemic which are discussed under future developments.

Strategic Report (Continued)

Brexit

On June 23, 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the E.U., commonly referred to as "Brexit". The UK Parliament ratified the withdrawal agreement and UK officially withdrew from the E.U on 31 Jan 2020. On December 24, 2020, the U.K. and the EU struck a provisional free-trade agreement that ensures the two sides can trade goods without tariffs or quotas. Even though this deal has been provisionally put in place by the E.U for two months with effect from 01 Jan 2021, it still needs to be approved by the E.U parliament. Key details of the future relationship still remain uncertain. We recognise that Brexit may have an adverse impact on the broader UK economy. The Company has generated 52% (2019: 50%) of its total revenue from E.U. The impact of the Brexit on operations and financial results of the company is not expected to be material based on the management assessment. Further regulatory changes if any may affect our operations and financial results. The director continues to closely monitor these developments.

Key performance indicators

Turnover

We measure the growth in Turnover as one of the key performance indicators as the Company constitutes approximately 30-35% of the Group's turnover. The growth in the turnover of the Company gives predictability to the revenue forecast and also entails confidence to continually invest in additional sales and marketing capacity.

Operating profit

Operating profit means profit before taxation and other Income. We believe that operating profit as a financial measure provides a consistent and comparable view of our past operational performance.

The company's key performance indicators are given as below:

	2020 £	2019 £
Turnover	40,302,052	35,574,073
Operating Profit	3,480,698	3,389,776

Review of business

The turnover of the company has increased by 13%, mainly on account of successful completion of upgrade of Lufthansa Cargo from on premise to SaaS model. Lufthansa Cargo AG has become the highest contributor in terms of the turnover followed by Qantas Airways Limited and Sun Express Gunes Ekspress Havacilik A.S. The growth in revenue is on account of sale of software products/services owned by other group companies where the company is earning a lower margin. Hence there is no material movement in the operating margin compared to the previous year. The Company and the industry in which the company operates has started moving from contracting on a on-premise model to a SaaS model which allows the company to grow in line with its customers.

Future developments

In the last month of FY 20, the COVID-19 pandemic developed into a global crisis, forcing governments to enforce lock downs of all economic activity. For the company, the focus immediately shifted on ensuring the health and wellbeing of the employees and on minimizing the disruption to service for all our customers. The company has been successful in moving its workforce to a work from home model enabling to work remotely and securely.

The company has put in place a mitigation plan to overcome this current pandemic impact which includes to protect cash and profitability by taking number of actions like reducing discretionary spending, employee salary structure changes to include variable component linked to company performance and renegotiating contracts with its key suppliers, This is to ensure that the company is fully prepared to augment its growth plans once the economic activity resumes across the world. The company has also evaluated the following benefits provided by the government to support companies during the COVID-19 crisis:

 MD

Strategic Report (Continued)

- a. Coronavirus Large Business Interruption Loan Scheme (CLBILS) – The company is eligible. However, not availed the same.
- b. Corona Virus Job Retention Scheme (Furlough) – The company is not eligible for this scheme.
- c. Deferment of tax payments - The company has availed the deferment of corporate advance tax, indirect taxes and payroll taxes. These deferments have been settled as on date of this report.

This response has reinforced customer confidence in the company and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

Approved by the Board and signed on its behalf

V k Mathews
Valayil Korath Mathews
Director

Date: 29 March 2021

MD

Director's report

The director presents his annual report on the affairs of IBS Software Europe Limited (the "Company"), together with the audited financial statements for the year ended 31 March 2020.

Directors

The directors who held office during the year and up to the date of this report were as follows:
Valayil Korath Mathews

Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year.

The director does not recommend the payment of a final ordinary dividend (2019 - £Nil).

Going Concern

The Company has a profit of £2,816,147 for the financial year ended 31 March 2020. As at that date, the company also has a healthy cash position of £3,703,908 and its current assets exceeds current liabilities by £5,691,803.

On Jan 30, 2020, the World Health Organisation raised a public health emergency situation caused by the outbreak of the corona virus (COVID-19) to an international pandemic. The rapid evolution of events globally has resulted in an unprecedented health crisis which has affected economic activity all over the world. In light of this crisis, the company has put in place a mitigation plan which shall protect the cash and profitability through reduction in discretionary spending, employee salary structure changes, renegotiation of contracts with key suppliers.

The director has done a detailed review of the business, mitigation plans put in place by the management to wade the current crisis and is confident that the Company will continue to generate positive cash flows from operations for a minimum of 12 months from date of signing, and the Company will continue in operational existence by meeting their liabilities as they fall due for payment.

After making enquiries, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Post balance sheet events

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus pandemic has severely restricted the level of economic activity around the world. The travel industry faced with lower business volumes since the Airlines, Cruise lines and Airports were running at less than 5-10% of its capacities initially due to lockdowns and other restrictions on people movement globally. Due to this some of the customers sought delay in awarding new contracts, extension of payment terms by 60-90 days and discounts which could help them tide over the situation. The company undertook a detailed review of the potential impacts of these requests and also continues to monitor developments closely. As at the date of this report, the business volumes have started to pick up due to virus containment strategies adopted globally and phased roll out of vaccination. The most likely impact is some delays in realisation of cash-flows and drop in revenue on account of discounts which are not considered to be material.

Financial Risk Management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk which has been included in the Strategic Report and forms a part of this report by cross reference.

Research and development

No research and development expenditure was incurred during the current or previous year by the company.

Existence of branches outside the UK

The company has branches, as defined in s1046(3) of the Companies Act 2006, outside the UK as follows:

Italy - Viale Abruzzi 94, Milano - 20131
Netherlands Kingsfordweg 151, Amsterdam Teleport Towers, 1043GR Amsterdam
Australia - Level 57, MLC Centre, 19-29 Martin Place, Sydney NSW 2000, Australia
France. - 55 Boulevard Pereire- 75017 Paris

Political contributions

The Company has not made any political donations or incurred any political expenditure during the current and previous year.

Future Developments

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report and forms a part of this report by cross reference.

Director's report (continued)

Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
 - the director has taken all the steps that he ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
- This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

V K Mathews

Valayil Korath Mathews
Director

Registered office
No.225, 2 Arlington Square
Venture House, Downshire Way
Bracknell, RG12 1WA
United Kingdom

Date: 29 March 2021

DIRECTOR RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of IBS Software Europe Limited
Report on the audit of the financial statements

Opinion

In our opinion the financial statements of IBS Software Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Auditors Report (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

L. Cowie

Lyn Cowie CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
Date: 29 March 2021

Profit and Loss Account for the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	40,302,052	35,574,073
Cost of sales		<u>(33,460,521)</u>	<u>(28,910,641)</u>
Gross profit		6,841,531	6,663,432
Administrative expenses		<u>(3,360,833)</u>	<u>(3,273,656)</u>
Profit before taxation	4	3,480,698	3,389,776
Tax on profit	7	<u>(664,551)</u>	<u>(719,673)</u>
Profit for the financial year		<u>2,816,147</u>	<u>2,670,103</u>

All amounts relate to continuing activities. There are no comprehensive income or expenses other than the profit for the financial year and the preceding financial year. Accordingly, no separate statement of comprehensive income has been prepared.

The notes on pages 11 to 30 form part of these financial statements.

Balance sheet at 31 March 2020

	Note	2020 £	2019 £
Non-Current Assets			
Intangible Assets	8	443,773	-
Tangible assets	9	185,241	1,303,733
Investments	10	1,236,310	1,236,310
Right of Use Assets	1A	106,708	-
Deferred Contract Costs		3,982,290	-
Total Non-Current Assets		5,954,322	2,540,043
Current assets			
Debtors	11	35,697,148	28,478,057
Cash at bank and in hand		3,703,908	3,251,490
		39,401,056	31,729,547
Creditors: amounts falling due within one year	12	(33,709,253)	(24,749,381)
Net current assets		5,691,803	6,980,166
Net assets		11,646,125	9,520,209
Capital and reserves			
Called up share capital	14	166,334	166,334
Profit and loss account		11,479,791	9,353,875
Shareholder's funds		11,646,125	9,520,209

The financial statements were approved by the director and authorised for issue on 29 March 2021 and were signed by:

V K Mathews

Valayil Korath Mathews

Director

Company registered number: 04484344

The notes on pages 11 to 30 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2020

	Called up Share Capital	Profit and loss account	Total equity
Balance at 1 April 2018	166,334	6,683,772	6,850,106
Profit and total comprehensive income for the year	-	2,670,103	2,670,103
Balance at 31 March 2019	166,334	9,353,875	9,520,209

	Called up Share Capital	Profit and loss account	Total equity
Balance at 1 April 2019	166,334	9,353,875	9,520,209
Impact on account of adoption of IFRS 16	-	(9,075)	(9,075)
Profit and total comprehensive income for the year	-	2,816,147	2,816,147
Cancellation of employee stock options (Note 15)	-	(681,156)	(681,156)
Balance at 31 March 2020	166,334	11,479,791	11,646,125

The notes on pages 11 to 30 form part of these financial statements.

Notes (continued)
(forming part of financial statements)

1. Accounting policies

IBS Software Europe Limited (the "Company") is a private company, limited by shares, incorporated in the United Kingdom under Companies Act 2006 and is registered in England and Wales. The address of the Company's registered address is shown on the Company Information page. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

The directors have taken advantage of the exemption from preparing group financial statements conferred by section 401 of the Companies Act 2006, as the Company is a wholly owned and controlled subsidiary of IBS Software Pte. Ltd, a non-EEA group. The consolidated financial statements of IBS Software Pte. Ltd are prepared in accordance with International Financial Reporting Standards and are available from the following web address; www.acra.gov.sg and the directors consider that the consolidated financial statements of IBS Software Pte Ltd comply with the requirements of section 401 (Refer Note 16).

The financial statements have been prepared by the company on a going concern basis. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, the financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standards, in relation to:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Certain disclosures required by IFRS 13 Fair Value Measurement, IFRS 15 Revenue from Contracts with Customers, IAS 1 Presentation of Financial Statements and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- Certain requirements of IFRS 16

Adoption of new and revised Standards

New standards, amendments to standards and interpretations are effective for annual periods beginning after 01 April 2019, and have been applied in preparing the financial statements. Those which may be relevant to the Company are set out below:

A. IFRS 16 – Leases

On April 1, 2019, the Company has adopted IFRS 16, Leases, applied to all lease contracts outstanding as at April 1, 2019 using modified retrospective method by recording the cumulative effect of initial application as an adjustment to opening balance of retained earnings. The Company has made use of the following practical expedient available on transition to IFRS 16, (a) not to reassess whether a contract is or contains a lease, accordingly the definition of lease in accordance with IAS 17 and IFRIC-4 will continue to be applied to those leases entered or modified before April 1, 2019. (b) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment, consequently, the Company has recorded the lease liability at the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right-of-use (RoU) asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

rate at the date of initial application (c) excluded the initial direct costs from measurement of the RoU asset at the date of initial application (d) Not to recognize RoU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized in the statement of financial position as at April 1, 2019 is 3.48%.

On adoption of IFRS 16:

The company has recognized right-of use assets of £413,995 and corresponding lease liability £425,200.

The adoption of the new standard has resulted in a reduction of £11,205 in opening retained earnings, net of tax of £2,130 primarily on account of discounting the lease liabilities to the present value under IFRS 16.

The Company recognized during the year ended March 31, 2020 depreciation expense from right-of-use assets of £120,409 and interest expenses on lease liabilities of £11,882 respectively.

The following table presents the carrying amounts of our right-of-use assets and lease obligations and the movements during the nine months ended March 31, 2020

	<u>Leases (£)</u>
Gross carrying value:	
As at April 1, 2019	413,995
Additions	-
Disposals	<u>(261,654)</u>
As at March 31, 2020	<u>152,341</u>
Accumulated Depreciation:	
As at April 1, 2019	-
Depreciation	120,409
Disposals	<u>(74,776)</u>
As at March 31, 2020	<u>45,633</u>
Net carrying value as at March 31, 2020	<u>106,708</u>
	<u>Leases (£)</u>
Lease Obligation	
As at April 1, 2019	425,200
Additions	-
Lease modifications	(202,972)
Payments	(111,174)
Forex adjustments	<u>(8,212)</u>
As at March 31, 2020	<u>102,842</u>

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

Lease obligation maturity analysis:

Particulars	<u>Gross Amount (£)</u>
Within 1 year	59,712
1 to 5 years	49,969
Greater than 5 years	-
Total	<u>109,681</u>

The Company has leased an office building. The average lease term is 2.79 years. The lease obligation above is actual maturity amount including interest.

The adoption of IFRS 16 did not have any material impact on the statement of profit or loss and earnings per share.

The summary of the amounts recognized in profit or loss account is mentioned below:

Amount recognized in profit or loss	<u>(£) For the year ended March 31, 2020</u>
Expense relating to variable lease payments not included in the measurement of the lease liability included in operating cash flows	16,121

The comparatives as at March 31, 2020 and March 31, 2019 have not been retrospectively restated and is presented under IAS 17.

The adoption of IFRS 16 did not have any material impact on the statement of profit or loss and earnings per share.

The difference between the lease obligation disclosed as of March 31, 2019 under IAS 17 and the value of the lease liabilities as of April 1, 2019 is as summarized below:

	<u>Amount (£)</u>
Operating lease commitments as on March 31, 2019	-
Effect of discounting the above amounts	-
Present value of the variable lease payments that depend on a rate or index	-
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	425,200
Lease liabilities recognized at April 1, 2019	<u>425,200</u>

Measurement convention

The financial statements are prepared on the historical cost basis.

Functional and Presentation Currency

The financial statements have been prepared on the going concern basis and are presented in Pound sterling (£), which is the functional currency of the Company as it is the currency of the main economic environment in which the company operates.

Notes (continued)

(forming part of financial statements)

1. Accounting policies (continued)

Going Concern

The director has completed a detailed review of current business and are confident that the Company will continue to generate positive cash flows from trading activities for a minimum of 12 months from date of signing, and the Company will continue in operational existence by meeting their liabilities as they fall due for payment.

The Company has a profit for the financial year of £2,816,147 for the year ended 31 March 2020 and, as that date, the company also has a healthy cash position of £3,703,908 and its current assets exceed current liabilities by £5,691,803. The company adopted scenario based approach to evaluate the potential impact of the COVID-19 on the operations and financial results taking into consideration probable recovery timelines, revenue growth, profitability and liquidity in light of the COVID-19 pandemic. The company has also put in place adequate measures to safe guard the liquidity, take care of employee well-being, support customers and suppliers with their recovery plans to minimize the impact of the disruption.

After making enquiries, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

The company generates revenue from Software Product Business and Consulting and Digital Transformation (CDx) business.

The company recognises revenue on transfer of control over promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognise revenues, the company applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

At contract inception, the company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The company allocates the arrangement consideration to separately identifiable performance obligation based on their relative stand-alone selling price or residual method. Stand-alone selling prices are determined based on sale prices for the components when it is regularly sold separately, in cases where the company is unable to determine the stand-alone selling price the company uses third-party prices for similar deliverables or the company uses expected cost plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

The company accounts for out-of-pocket expenses reimbursed by customers as Software Product Business and Software Service Business revenue, depending on the nature of the service for which the out-of-pocket expenses were incurred.

Software Product Business

The revenue for the company from Software Product Business primarily consists of (i) non-recurring revenue, which includes license and implementation fees for the company's software products, and (ii) recurring revenue, which includes fees from maintenance contracts and transaction fees on a monthly basis from our software products delivered under the SaaS model.

Revenue from on premise model contracts have multiple performance obligations. Under this model the company mostly enters into contracts for software license arrangements along with implementation and maintenance services. Arrangements to deliver software products, under on premise model generally have three elements: license, implementation services and maintenance services. In the absence of stand-alone value of software license to the customer, the entire arrangement fee for license and implementation is recognised using the percentage-of-completion method as the implementation is performed. The company follows residual method approach for allocating the values to the various components of the multiple-element arrangements. As maintenance is the only undelivered element in the contract, objective and reliable fair value of maintenance service is determined based on the maintenance renewal rate with customer or average maintenance rate charged to all the customers during the year. Percentage-of completion is determined based on contract costs incurred as a percentage of total estimated contract costs required to complete the project. Provision for estimated losses, if any, on incomplete contracts are recorded in the year in which such losses become probable based on current contract estimates.

Maintenance revenue represents fees from providing customers with unspecified future software updates, minor upgrades, enhancements and technical product support for an initial term of the contract. The company's performance obligation is to provide unspecified updates, upgrades and enhancements on a when-and-if available basis. The company does not separately sell technical product support or unspecified software upgrades, updates, and enhancements.

Under SaaS contract model, the company charges its customer based on the number of transactions booked or time based usage of the software products. Revenue is recorded based on the specific transaction pricing as and when the services are rendered. The company defers the implementation revenue (upfront charges) over the expected term of the SaaS contract as implementation does not have stand-alone value to the customer. The related costs of implementation are also deferred to the extent of revenue deferral.

On-going recurring revenue from SaaS contracts and maintenance revenue, are recognised as revenue ratably over the stated contractual period.

Revenue from other fixed price software related services is also recognised using the 'percentage of completion' method and revenue from other services arrangements on time-and-material is recognised as the related services are performed. Percentage of completion is determined based on contract costs incurred as a percentage of total estimated contract costs required to complete the project. If the Company is not able to reasonably measure the progress of completion, revenue is recognised only to the extent of costs incurred for which recoverability is probable. When total cost estimates exceed revenues in an arrangement, the estimated

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

losses are recognised in the consolidated statement of profit or loss in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

Consulting and digital transformation services business

Consulting and digital transformation services business consists of fees for industry specific, specialized, technology services to its customers in the global travel, transportation and logistics industry. Generally, the company offers consulting and digital transformation services either on a fixed fee model or on a time and material model.

i. Under the fixed fee model, the company agrees the scope of work and total fee for the services with the customer in advance and is paid on a milestone basis. Revenue from fixed price services arrangements is recognised using the 'percentage of completion' method. Percentage of completion is determined based on contract costs incurred as a percentage of total estimated contract costs required to complete the project.

ii. Under the time and material model, the revenue is recognised as the related services are performed.

Others

Any change in scope or price is considered as a contract modification. The company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.

The company accounts for variable considerations like volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which we may be entitled.

Revenues are shown net of allowances/ returns sales tax, value added tax, goods and services tax and applicable discounts and allowances. Revenue includes excise duty.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognised as an asset when the company expects to recover these costs and amortized over the contract term.

The company recognises contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognised is amortized on a systematic basis consistent with the transfer of performance obligation to customer to which the asset relates.

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

The company assesses the time period between the fulfilment of our performance obligation to the customer and timing of payments to determine whether a significant financing component exists. As a practical expedient, the company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

The company may enter into arrangements with third party suppliers to resell products or services. In such cases, we evaluate whether we are the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, we first evaluate whether we control the good or service before it is transferred to the customer. If we control the good or service before it is transferred to the customer, we are the principal; if not, we are the agent.

If the company determine that collectability is not probable we conclude that the inflow of economic benefits associated with the transaction is not probable, and the company defer revenue recognition until the earlier of when collectability becomes probable or payment is received.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

A contract liability is an entity's obligation to transfer of performance obligation to a customer for which the entity has received consideration (or the amount is due) from the customer.

Unbilled receivables on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time.

On 1 April 2018, the Group adopted IFRS 15, "Revenue from Contracts with Customers" using the cumulative catch-up transition method applied to contracts that were not completed as of this date. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

Leases

On April 1, 2019, the Company has applied IFRS 16, Leases that is effective for annual periods that begin on or after January 1, 2019.

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under IFRS 16.

The Company as a lessee

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves right to control:

- (a) the use of an identified asset,
- (b) the right to obtain substantially all the economic benefits from use of the identified asset, and
- (c) the right to direct the use of the identified asset.

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

The Company at the inception of the lease contract recognizes a Right-of-use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short-term) and leases for which the underlying asset is of low value. The company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease where the company is reasonably certain to exercise that option.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Company applies IAS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment-loss as described in the impairment of non-financial assets included as part of the annual financial statements for the year ended March 31, 2020.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. Lease liabilities include the net present value of the following lease payments:

Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
Variable lease payments that are based on an index or a rate;
Amounts expected to be payable by the lessee under residual value guarantees;
The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

When the Company re-measures the lease liability it makes a corresponding adjustment to the related right-of-use asset. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in consolidated statement of profit or loss. The company did not make any such adjustments during the period presented.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term within communication expenses and office operations.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

Intangible Assets

Acquired Intangible Assets

Intangible assets that are acquired by the Company and having finite useful life are measured initially at cost. After initial recognition, these are carried at cost less accumulated amortization and accumulated impairment, if any.

Research Costs

Research costs include costs relating to obtaining new knowledge and evaluation and final selection of possible solutions that may be capable of further development for commercial use. Research costs are charged to the consolidated statement of profit or loss in the year in which they are incurred.

Internally Developed Intangible Assets

The Company capitalizes the costs directly related to the development of the Software Products. These costs substantially comprise of salary and other directly attributable overhead expenditures up to the date the asset is available for use. The Company categorizes its development into two categories, base product and major enhancement. The first major release of the product is categorized as base product. Further, addition of certain functionality in the form of upgrades to the existing product that significantly increases the software capabilities, scalability, and increased market potential is categorized as major enhancements. Development expenditure is capitalized only if the base product or major enhancement is technically and commercially feasible, the expenditure can be measured reliably, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. For the development that does not meet above criteria are recognised in consolidated statement of profit or loss as research and development expenses.

Subsequent to initial recognition, Software Products and major enhancements are measured at cost less accumulated amortization and accumulated impairment, if any.

Intangible assets under development are valued at cost less accumulated impairment, if any.

Costs associated with maintaining internally developed software are recognized as an expense as incurred and is classified as cost of sales in the consolidated statement of profit or loss.

Intangible assets are amortized in the statement of profit or loss on a straight-line basis over their estimated useful lives, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization methods and the estimated useful life of assets are reviewed, and where appropriate are adjusted, annually.

The Company amortizes capitalized computer Software Products over estimated useful lives of three to ten years depending on the expected period over which the base product or its major enhancements are expected to provide economic benefits.

Purchased commercial rights are amortized over a period of six to eight years.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

(b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

(c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) held-for-trading, or (ii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Dividend Income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Impairment

Financial assets (including trade and other debtors)

The Company recognises a loss allowance for expected credit losses on trade debtors, unbilled revenue and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than which are carried at fair value 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. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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.

Notes (continued)
(forming part of financial statements)

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Employee benefits

Pension costs

The company operates a defined contribution pension scheme. Contributions to the Company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately from those of the company in an independently administered fund.

Share-based payment transactions

IBS Software Pte. Ltd., Singapore (Intermediate Parent Company) is administering the Share-based compensation scheme for the employees of the group. Equity-settled share-based payments to employees are measured by reference to the fair value of the instruments at the date of grant. The equity instruments generally vest in the graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants which is based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The Company is recognizing the employee benefit expenses for options granted to its employees over the vesting period of the awards, based on the billing done by the Intermediate Parent Company.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 101 requires management to make judgments, estimates and appropriate assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying the Company's accounting policies

The most significant effect in the financial statements of critical judgments, used by management in applying the accounting policies, is in the area of revenue recognition. The details of these are provided below:

Revenue recognition:

For fixed price contracts, the Company uses the 'percentage of completion' principle using the input (cost expended) method to measure progress of project completion. Percentage of completion method of accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonable and dependable estimates of the revenue and costs, applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates towards the future staff costs and other direct costs incidental to the project. The estimates are assessed continually and for the term of these contracts, as the financial reporting of these contracts depends on such estimates. The recognised revenue and profit are subject to revisions as the contract progresses to

Notes (continued)
(forming part of financial statements)

completion, based on changes to estimates. When estimates indicate that a loss could be incurred, then the Group makes a provision for such loss in the period the loss becomes probable.

The Company evaluated all its assumptions and estimates for impact, if any, of COVID-19 and determined that there is no material adverse impact on its financial statements for the period March 31, 2020.

Key sources of estimation uncertainty

We consider there to be no material key assumptions concerning the future or any other key sources of estimation uncertainty at the reporting period.

3 Turnover

	2020 £	2019 £
Analysis by geographical market:		
United Kingdom	4,082,894	3,656,983
Europe	21,062,401	17,789,979
Australia	10,055,452	9,673,288
Rest of the World	5,101,305	4,453,823
	<u>40,302,052</u>	<u>35,574,073</u>

Turnover is wholly attributable to the principal activity of the company.

	2020 £	2019 £
Software product business	31,505,312	27,696,045
Consulting and digital transformation business	8,796,740	7,878,028
	<u>40,302,052</u>	<u>35,574,073</u>

Assets and liabilities related to contracts with customers:

The opening and closing balances of the Company's contract assets, current and long-term contract liability are as follows:

	Contract Assets £	Contract Liabilities £
Balance as on 01 April 2019	624,221	17,951,790
Balance as on 31 March 2020	1,435,525	25,035,026
Increase	<u>811,304</u>	<u>7,083,236</u>
Balance as on 01 April 2018	-	9,359,975
Balance as on 31 March 2019	624,221	17,951,790
Increase	<u>624,221</u>	<u>8,591,815</u>

Contract liabilities:

During the year, ended March 31, 2020, the Company recognized revenue of £6,282,095, in the year that were included in the previously recognized contract liabilities.

The amount of contract liabilities have increased on account of contracts increase in SaaS contracts signed by the company.

Notes (continued)
(forming part of financial statements)

Contract Assets:

During the year ended March 31, 2020, £603,777 of unbilled revenue pertaining to fixed-price contracts (balance as at April 1, 2019: £624,221), has been reclassified to trade receivables on completion of milestones.

The difference between the opening and closing balances of the Group's contract assets and contract liabilities primarily results from the timing difference between the Group's performance and the customer's billing.

	2020 £	2019 £
4 Profit before taxation		
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	269,884	375,532
Depreciation on ROU assets	120,409	-
Fees payable for the audit of the Company's financial statements	9,432	8,500
Foreign exchange loss/(gain)	29,150	(532,406)

No non-audit fees were paid during the current and previous year by the company.

5 Staff numbers and costs

	2020 £	2019 £
Staff costs (including directors) consist of:		
Wages and salaries	5,792,740	5,961,575
Social security costs	736,554	596,151
Other pension costs	35,261	15,568
	<u>6,564,555</u>	<u>6,573,294</u>

The average number of employees (including directors) during the year was as follows:

	Number	Number
Production	69	61
Sales	2	5
Administrative	3	1
	<u>74</u>	<u>67</u>

6 Directors' remuneration

	2020 £	2019 £
Directors' emoluments	-	138,190

The total amount payable director in respect of emoluments was £ Nil (2019 - £138,190). There were no pension contributions in respect of the director.

The remuneration to the existing director is paid from the other group undertakings.

Notes (continued)
(forming part of financial statements)

7 Tax on profit

	2020 £	2019 £
Current tax on income for the year	667,102	623,695
Adjustments in respect of prior periods	(2,307)	8,810
<i>Foreign tax</i>		
Current tax on income for the period	141,393	109,752
Adjustments in respect of prior periods	-	-
Total current tax	806,188	742,257
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(141,637)	(22,584)
Adjustments in respect of prior years	-	-
Effect of changes in tax rates	-	-
Total taxation included in profit and loss for the period	664,551	719,673

The current tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

Reconciliation of effective tax rate	2020 £	2019 £
Profit before taxation	3,480,698	3,389,776
Tax at the standard rate of corporation tax in the UK of 19% (2019 - 19%)	661,333	644,057
Effects of:		
Expenses not deductible for tax purposes	1,742	3,353
Foreign tax expense less relief claimed	3,783	63,453
Non-taxable income	-	-
Effect of changes in tax rates	-	-
Adjustments in respect of prior years	(2,307)	8,810
Total tax charge for year	664,551	719,673

Finance Act No.2 2015 included provisions to reduce the UK corporation tax rate to 19% with effect from 01 April 2017. Subsequently, a reduction in the rate of corporation tax to 17% (effective 01 April 2020) was enacted in 2016. However, in his budget of 2020, the Chancellor of Exchequer proposed measures to hold the rate of corporation tax at 19%, effective 01 April 2020 and this change was substantively enacted on 17 March 2020. These rates have therefore been used to measure deferred tax assets and liabilities where applicable.

Notes (continued)
(forming part of financial statements)

8 Intangible assets	Computer Software
	£
<i>Cost</i>	
At 1 April 2019	-
Transfer from tangible assets	1,078,969
Additions	<u>22,154</u>
At 31 March 2020	1,101,123
<i>Amortisation</i>	
At 1 April 2019	-
Transfer from tangible assets	442,808
Provided for the year	<u>214,542</u>
At 31 March 2020	657,350
<i>Net book value</i>	
At 31 March 2020	443,773
At 31 March 2019	-

Additions represents computer software of gross book value £46,921 net of accumulated depreciation of £24,767 purchased from IBS Software Private Limited.

During the current year, the company has transferred computer software of £636,161 to intangible assets.

9 Tangible assets	Computer Equipment
	£
<i>Cost</i>	
At 1 April 2019	2,608,707
Additions	26,298
Disposals	(1,321,706)
Transfer to intangible assets	(1,078,969)
At 31 March 2020	234,330
<i>Depreciation</i>	
At 1 April 2019	1,304,974
Provided for the year	55,342
Disposals	(868,419)
Transfer to intangible assets	(442,808)
At 31 March 2020	49,089
<i>Net book value</i>	
At 31 March 2020	185,241
At 31 March 2019	1,303,733

Notes (continued)
(forming part of financial statements)

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful lives of each part of an item of tangible fixed assets. It is calculated at the following rates:

Computer equipment	3-6 years
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Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Capital work in progress are stated at cost and transferred to the relevant asset category upon completion, at which point they start to be depreciated.

Disposals include sale of computer equipment to IBS Software GmbH of gross book value £1,304,677 and accumulated depreciation of £851,434.

Additions include computer equipment of gross book value £49,442 net of accumulated depreciation of £49,174 purchased from IBS Software Private Limited.

During the current year, the company has transferred net book value of computer software of £636,161 to intangible assets.

.10 Investments

	2020	2019
	£	£
<i>Cost and net book value</i>		
As at 31 March 2019	1,236,310	1,236,310
Additions	-	-
Disposals	-	-
As at 31 March 2020	<u>1,236,310</u>	<u>1,236,310</u>

Subsidiary undertakings

The principal undertakings in which the company's interest at the year-end is 20% or more are as follows:

	Country of registration and incorporation	Proportion of voting rights and ordinary share capital held	Registered Address	Nature of business
<i>Subsidiary undertakings</i>				
IBS Software GmbH	Germany	100%	c/o Constantin GmbH Tilsiter Straße 1, 60487 Frankfurt am Main (Regd No. HRB 87263), Germany	Software services
IBS Software Japan Co Ltd	Japan	100%	Hulic Shibakoen Daimon-dori Bldg. 9F, 1-8-12 Shibakoen, Minato-ku, Tokyo 105-0011, Japan	Software services
IBS Shanghai Ltd	China	100%	Regus Maxdo Centre, 4343 Maxdo Centre, Changning district. 200036, China	Software services

Notes (continued)
(forming part of financial statements)

11 Debtors

	2020 £	2019 £
Amounts owed by other group undertakings*	17,324,667	12,756,030
Trade debtors	10,042,516	6,042,075
Deferred contract costs #	731,358	3,936,952
Amounts owed by subsidiaries*	3,137,744	2,327,599
Unbilled receivables	794,297	1,940,678
Contract assets	1,435,525	624,221
Amounts owed by parent*	1,493,908	396,757
Prepayments	378,584	329,375
Other debtors	218,753	124,370
Deferred Tax Assets (on tangible assets)	139,796	-
	<u>35,697,148</u>	<u>28,478,057</u>

* These are interest free unsecured balances arising on account of trade transaction and repayable on demand.

Amortisation of the deferred contract costs during the current financial year was £776,696 (£511,694). No impairment loss recognised in current year and previous year.

#Deferred contract costs for the current is classified into current and non-current.

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Contract Liabilities	25,035,026	17,951,790
Amounts owed to subsidiaries*	3,410,541	2,368,277
Amounts owed to parent*	-	1,887,608
Accruals	1,044,246	1,456,217
Taxation and social security	1,289,381	856,673
Other creditors	47,867	154,792
Lease Liability	102,842	-
Trade creditors	87,851	70,053
Amounts owed to group undertakings*	2,691,499	-
Deferred tax liabilities(on tangible assets)	-	3,971
	<u>33,709,253</u>	<u>24,749,381</u>

* These are interest free unsecured balances arising on account of trade transaction repayable on demand.

Notes (continued)
(forming part of financial statements)

13 Deferred taxation

Movement in deferred tax assets and (liabilities) during the year ended 31 March 2019 are as follows:

	Balance as at 01 April, 2018	(Charged) /credited to profit or loss	(Credited to equity)	Balance as at 31 March, 2019
Fixed Assets	(26,555)	22,584	-	(3,971)

Movement in deferred tax assets and (liabilities) during the year ended 31 March 2020 are as follows:

	Balance as at 01 April, 2019	(Charged) /credited to profit or loss	(Credited to equity)	Balance as at 31 March, 2020
Fixed Assets	(3,971)	14,694	-	10,723
Deductions allowed on payment basis	-	127,739	-	127,739
Transition amount on IFRS 16 adoption	-	(796)	2,130	1,334
Total	(3,971)	141,637	2,130	139,796

In assessing the realization of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences become deductible. The Company considers the projected future taxable income and tax planning strategies in making this assessment. Based on this, the Company believes that it is probable that the Company will realize the benefits of these deductible differences. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

14 Share capital

	2020 £	2019 £
Authorised capital	200,000	200,000
200,000 ordinary shares of £1 each		
Allotted called up and fully paid	166,334	166,334
166,334 ordinary shares of £1 each		

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

Notes (continued)
(forming part of financial statements)

15 Share based compensation

IBS Software Pte. Ltd., Singapore (intermediary parent company) is administering the share based compensation scheme for the employees of the group. The company is recognising the employee benefit expenses of options granted to its employees over the vesting period of the awards, based on the billing done by the intermediary parent company. During the current year, the company has incurred £771,283 as the employee expenses towards the share-based compensation

In Aug 2019, the intermediary parent company has partially repurchased fully vested stock options from ESOP 2016 plan for a total consideration of £ 815,710. The repurchase was made at fair value of the vested options and RSUs at the purchase date. The payment made for such repurchase has been accounted for as a deduction from equity. An amount of £ 134,553 representing the grant date valuation of cancelled options and RSUs was adjusted from share based payments reserve by the intermediary parent company and the balance consideration of £ 681,156 recovered from the company. The company has adjusted £ 681,156 paid in excess of grant date valuation in retained earnings.

16 Ultimate controlling party

The Company is a subsidiary undertaking of IBS Software Pte. Ltd which is the intermediate parent company incorporated in Singapore and the registered office is in 8 Cross units, #24-03/04, Manulife Tower, Singapore (048424). The largest group in which the results of the Company are consolidated is headed by IBS Software Pte. Ltd, and the consolidated financial statements are available to the public and may be obtained from the location stated in note 1. The smallest group in which the results of the Company are consolidated is headed by IBS Software Private Limited (immediate parent) incorporated in India and the registered office is in 521 – 524, Nila, Technopark Campus, Trivandrum, Kerala 695581. The consolidated financial statements are available to the public and may be obtained from www.mca.gov.in.

The ultimate controlling entity is IBS Technology and Consulting Services FZ-LLC, incorporated in United Arab Emirates and beneficially owned by Mr V K Mathews. The registered office is 21-05 Grosvenor Business Tower, TECOM Sector C, Barsha heights, P.O Box 500157, Dubai – UAE.