PROCO ISSUER PTE LTD
(Incorporated in Singapore. Registration Number: 201019152H)

FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

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Contents

DIRECTORS' STATEMENT
For the financial year ended 31 March 2019

The directors present their statement to the members together with the audited financial statements for the financial year ended 31 March 2019

In the opinion of the directors,

(a) the financial statements as set out on pages 1 to 30 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; 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.

Directors

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

Ms Sethi Simran
Mr Ranganath Raghupathy Rao (resigned on 27th May 2019)
Mr Sandip Biswas
Mr Rajiv Mukerji

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 01.04.2018	At 31.03.2019	At 31.03.2018	At 01.04.2019
Ultimate holding corporation – [Name]				
(Ordinary shares of Rs 10 each)				
Koushik Chatterjee	**1,531**	1,531		
Sandip Biswas	**3,868**	3,868		
Sanjib Nanda	**575**	575		

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

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

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

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Sandip Biswas
Director

Sethi Simran
Director

Independent Auditor's Report to
The Members of the Proco Issuer Pte Ltd

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of Proco Issuer Pte. Ltd. (the "Company") as at 31 March 2019, and of the financial performance, changes in equity and cash flows for the year ended on that date.

What we have audited

The Company's financial statements comprise:
- the statement of financial position of the Company as at 31 March 2019;
- the statement of profit or loss and other comprehensive income of the Company for the year then ended;
- the statement of changes in equity of the Company for the year then ended;
- the statement of cash flows of the Company for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore,

Proco Issuer Pte Ltd

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

	Note	**2019 GBP'000**	2018 GBP'000
Revenue	4	**69,469**	68,215
Other income			
- Interests	5	**1,069**	1,242
- Others (Net)	6	**(147)**	123
Expenses			
- Administrative		**(3,633)**	(5,136)
- Finance	7	**(59,593)**	(48,456)
Profit before income tax		**7,165**	15,988
Income tax expense	8(a.)	**(1,201)**	(2,781)
Profit after income tax		**5,964**	13,207

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

BALANCE SHEET
As at 31 March 2019

	Note	**2019 GBP'000**	2018 GBP'000
ASSETS			
Current assets			
Cash and bank deposits	9	**-**	270
Trade and other receivables	10	**468,285**	434,945
Other Current Assets	11	**429,441**	498,642
Derivative financial instruments	12	**24**	42
		897,750	933,899
Non-current assets			
Deferred Tax Assets	13	**409**	408
Total assets		**898,159**	934,307
LIABILITIES			
Current liabilities			
Trade and other payables	14	**23,012**	20,483
Current Income Tax liabilities		**1,202**	2,621
Borrowings	15	**853,914**	897,135
Total liabilities		**878,128**	920,239
NET ASSETS		**20,031**	14,068
EQUITY			
Share capital	16	*****	*
Retained earnings		**20,031**	14,068
Total equity		**898,159**	934,307

*Amount is less than GBP 1,000

Proco Issuer Pte Ltd

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	Note	Share capital GBP'000	Retained profits GBP'000	Total Equity GBP'000
2018				
Balance as at 31 March 2017		*	350,861	350,861
Profit for the year,representing total comprehensive income for the year		-	13,207	13,207
Interim Dividend Paid		-	(350,000)	(350,000)
Balance as at 1 April 2018		*	14,068	14,068
Profit for the year		-	5,963	5,963
Balance as at 31 March 2019		*****	**20,031**	**20,031**

*Amount is less than GBP 1,000

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2019

	Note	2019 GBP'000	2018 GBP'000
Cash flows from operating activities			
Profit before income tax		**7,165**	15,988
Adjustments for:			
- Interest income		**(1,069)**	(1,242)
- Interest expense		**59,593**	48,456
		65,689	63,202
Changes in working capital:			
- Trade and other receivables		**(33,171)**	(68,636)
- Deferred Service Income		**(1,188)**	843
- Accrued Expenses		**3,361**	190
- Derivative financial instruments		**18**	(49)
Cash generated from operations		**34,709**	(4,450)
Interest paid			
Income tax paid		**(2,622)**	(1,548)
Net cash provided by operating activities		**32,087**	(5,998)
Cash flows from investing activities			
Interest received		**1,213**	1,309
Loans to intermediate holding company		**(3,520,467)**	(4,850,536)
Repayments of loans from intermediate holding company		**3,590,917**	4,953,134
Net cash used in investing activities		**71,663**	103,907
Cash flows from financing activities			
Dividend paid		**-**	(350,000)
Debenture loans from immediate holding company		**1,707,141**	1,661,691
Repayments of debenture loans from immediate holding company		**(1,752,404)**	(1,366,531)
Loans from intermediate holding company		**3,008**	23,374
Repayments of loans from intermediate holding company		**(2,240)**	(21,847)
Interest Paid		**(59,255)**	(44,604)
Net cash provided by/(used in) financing activities		**(103,750)**	(97,917)
Net decrease in cash and cash equivalents		**(270)**	(8)
Cash and cash equivalents			
Beginning of financial year	9	**270**	278
Cash and cash equivalents at end of financial year	9	**-**	270

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2019

Reconciliation of liabilities arising from financial activities

				Non-cash changes $'000			
	1 January $'000	Proceeds from borrowings $'000	Principal and interest payments $'000	Interest expense	Foreign exchange movement	Modification of bank borrowings	31 December 2018 $'000
Bank borrowings							
2018							
2017							

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

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

1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 22 Tanjong Kling Road, Singapore 628048. The financial statements are expressed in British Pounds.

The principal activity of the company is dealing in factoring of accounts receivables.

The financial statements of the company for the financial year ended March 31, 2019 were authorised for issue by the Board of Directors on

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2018

On 1 April 2018, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2018 (continued)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

(a) Adoption of FRS 115 Revenue from Contracts with Customers

The Company has adopted the new standard using the modified retrospective approach with the cumulative impact of the adoption recognised in the opening retained earnings at 1 April 2018. Comparative information for 2017 are not restated.

The accounting policies for revenue from contracts with customers under FRS 115 are disclosed in Note 2.2.

There are no effects on adoption of FRS 115.

(b) *Adoption of FRS 109 Financial Instruments*

The Company has adopted the new standard retrospectively from 1 April 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2017 are not restated and the Company has recognised any difference between the carrying amounts at 31 December 2018 and 1 April 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.10.

There are no effects on adoption of FRS 109.

2. Significant accounting policies (continued)

2.2 Revenue from contracts with customers

(a) *Interest income*

Interest income is recognised using the effective interest rate method.

2.3 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as The Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.4 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.5 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2. Significant accounting policies (continued)

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.6 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Financial assets

(a) The accounting for financial assets before 1 April 2018 under FRS 39 are as follows:

(i) Loans and receivables

Cash and bank deposits
Trade and other receivables
Loan to related corporation

Bank balances, trade and other receivables and loan to related corporation are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(a) The accounting for financial assets before 1 April 2018 under FRS 39 are as follows: (continued)

(i) Loans and receivables (continued)

The carrying amount of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are initially recognised at fair values plus transaction costs and subsequently carried at fair values. Changes in fair values are recognised in other comprehensive income and accumulated in the fair value reserve within equity.

These financial assets are recognised on the date which the Company commits to purchase the asset. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired. Significant or prolonged decline in the fair value of an equity security below its cost is objective evidence that the security is impaired.

(a) The accounting for financial assets before 1 April 2018 under FRS 39 are as follows: (continued)

(ii) Financial assets, available-for-sale (continued)

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through the profit or loss in subsequent period.

On disposal, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) *At initial recognition*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) *At subsequent measurement*

1. Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits, trade receivables and loan to related corporation.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows: (continued)

(ii) *At subsequent measurement* (continued)

1. Debt instrument (continued)

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For loan to related corporation and cash and bank deposits, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Equity investments

The Company subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gain/(losses)", except for those equity securities which are not held for trading.

The Company has elected to recognise the changes in fair value of equity investments not held for trading in other comprehensive income as these are strategic investments and the Company considered this to be more relevant. Movement in fair values of investments classified as FVOCI are presented as "fair value gain and losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows: (continued)

(ii) At subsequent measurement (continued)

2. Equity investments (continued)

Regular way purchases and sales of these financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

On disposal, the differences between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and the sale proceed amount would be recognised in other comprehensive income and transferred to retained earnings along with the amount previously recognised in other comprehensive income relating to that asset.

2.8 Derivative financial instruments

A derivative financial instruments for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Company does not apply hedge accounting for its derivative financial instruments.

2.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

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

2.10 Borrowing

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2. Significant accounting policies (continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.14 Currency translation

The financial statements are presented in Great Britain Pound, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance cost'. All other foreign exchange gains and losses impacting profit or loss are presented within 'other gains/losses'.

2.15 Share capital

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

3. Critical accounting estimates, assumptions and judgements

i) *Critical judgements in applying the company's accounting policies*

The following is the critical judgement apart from those involving estimations (see below), that management has made in the process of applying the company's accounting policies and that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The company recognises revenue from factoring income based on the expected dates for which the receivables are expected to be collected. The expected date of collection is based on the credit terms given to the customers by the related companies from which the receivables have been purchased taking into consideration any expected collection delays that may occur, which is based on past experience of the collections pattern from these customers. Such estimate requires significant judgement and adjustments may be made in future periods, if collection patterns from customers changes significantly.

ii) Key sources of estimation uncertainty

Other than as discussed below, the management is of the opinion that there are no other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowances for bad and doubtful debts

The policy for allowances for bad and doubtful debts of the company is based on the evaluation of collectibility and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history, the period over which the debts are aged and the extent of any credit insurance coverage. If the financial conditions of the customers of the company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amount of trade receivables and other receivables are disclosed respectively in Note 10.

4. Revenue from contracts with customers

	2019	2018
	GBP'000	GBP'000
Factoring income from related companies	**69,469**	68,215

5. Interest income

	2019	2018
	GBP'000	GBP'000
Interest Income from:		
Intermediate holding company	**1,069**	1,242
Outside Parties	*****	-

***Amount is less than GBP 1,000**

6. Other income

	2019 GBP'000	2018 GBP'000
Gain/(Loss) on foreign exchange, net	**(129)**	74
Fair value gain/ (losses) on derivative financial instruments	**(18)**	49
	(147)	123

7. Finance expenses

	2019 GBP'000	2018 GBP'000
Interest charges on debenture loans from immediate holding company	**59,517**	48,415
Interest charges from :		
Intermediate holding company	**76**	41
	59,593	48,456

8. Income taxes

(a) Income tax expense

	2019 GBP'000	2018 GBP'000
Tax expense attributable to profit is made up of:		
- Current income tax	**1,202**	2,622
- Deferred income tax (Note 23)	**(1)**	28
Under/(over) provision in prior financial years		
- Current income tax	**-**	131
	1,201	2,781

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2019 GBP'000	2018 GBP'000
Profit before tax	**7,165**	15,988
Tax calculated at tax rate of 17% (2018: 17%)	**1,218**	2,718
Tax Concession		-
Effect of non-taxable items	**3**	(8)
Tax-exempt income and rebate	**(17)**	(19)
Underprovision in prior year	**-**	131
Others	**(3)**	(41)
Tax charge	**1,201**	2,781

9. Cash and bank deposits

	2019 GBP'000	2018 GBP'000
Cash at bank	**-**	270
	-	270

10. Trade & Other receivables

Trade Receivables

	2019 GBP'000	2018 GBP'000
Trade receivables - Non-related parties	**376,266**	309,763
Less: Allowance for doubtful trade receivables	**(8,262)**	(8,315)
Trade receivables – net	**368,004**	301,448

Other Receivables

	2019 GBP'000	2018 GBP'000
Related companies	**100,271**	133,399
Accrued interest income on loans to immediate holding company	**10**	98
Total	**100,281**	133,497
Total Trade and Other receivables	**468,285**	434,945

The average credit period on the purchased receivables ranges from 24 to 72 days (2018 : 23 to 79 days).
No interest is charged on the overdue balances.

The trade receivables are acquired from related companies at discounts, whereby the related companies set credit terms and limits for customers and monitor compliance with these terms. The related companies act as the collection agents for the company while the company monitors the collections made on behalf by the related companies on a regular basis. Where appropriate, credit guarantee insurance cover is purchased.

Included in the company's trade receivables balance are debtors with a carrying amount of approximately GBP 68,122,000 (2018 : GBP 23,181,000) which are past due at the end of the reporting date for which the company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverables. The due dates of the receivables are based on the credit terms extended to the third party customers by the related companies for which the receivables were purchased from.The company does not hold any collateral over these balances.

As at the end of the reporting period, an allowance has been made for estimated irrecoverable receivable from outside parties amounting to approximately GBP 8,262,000 (2018 : GBP 8,315,000).This allowance has been determined after taking to consideration the age of the debts and recovery prospects. Management has also assessed that balances are not past due at the end of the reporting period to be collectible.

Ageing of receivables that are past due but not impaired

	2019	2018
	GBP'000	GBP'000
< 1 month	45,206	2,598
1 month to 3 months	12,694	10,732
3 months to 6 months	4,299	4,931
> 6 months	5,923	4,920
	68,122	23,181

Movement in the allowance for doubtful debts

	2019	2018
	GBP'000	GBP'000
Balance at beginning of year	**8,315**	8,718
Allowance (written back)/recognised in profit or loss	**(53)**	(403)
Balance at end of year	**8,262**	8,315

11. Other Current Assets

	2019	2018
	GBP'000	GBP'000
Loan receivable due from intermediate holding company	**429,441**	498,642
	429,441	498,642

12. Derivative financial instruments

Derivative financial instruments comprise of the United States Dollar/Euro currency forwards used to manage the exposure from the profit element of anticipated securitisation value in USD and EUR. The contracted notional principal amount of the derivative outstanding at balance sheet date is EUR 8,164,878.92 and USD 2,764,070.54 (2018: EUR 10,551,495.92 and USD 4,099,284.48).

	2019	2018
	GBP'000	GBP'000
Forward foreign exchange contracts		
- unrealised fair value gains (losses)	**24**	42

The company utilises currency derivatives to hedge significant future transactions and cash flows.
The company is party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the company is committed are as follows:

	2019	2018
	GBP'000	GBP'000
Forward foreign exchange contracts	**9,290**	12,188

Changes in the fair value of derivative financial instruments

	2019	2018
	GBP'000	GBP'000
Opening fair value of derivative financial instruments		
Fair value losses of derivative financial instruments	**42**	(7)
recognised in profit or loss	**(18)**	49
Closing fair value of derivative financial instruments	**24**	42

The following table details the forward foreign currency contracts outstanding as at March 31, 2019:

Outstanding contracts	Average exchange rate	Foreign currency	Contract Value	Fair value gain (loss)
		FC$'000	GBP'000	GBP'000
Sell Euro less than 3 months	0.86	8,165	7,035	45
Sell USD less than 3 months	0.77	2,938	2,255	(21)
			9,290	24

The following table details the forward foreign currency contracts outstanding as at March 31, 2018:

Outstanding contracts	Average exchange rate	Foreign currency	Contract value	Fair value gain (loss)
		FC$'000	GBP'000	GBP'000
Sell Euro less than 3 months	0.88	10,551	9,271	48
Sell USD less than 3 months	0.71	4,099	2,917	(8)
			12,188	(7)

13. Deferred income taxes

	2019	2018
	GBP'000	GBP'000
Beginning of financial year	**408**	436
Tax (credited)/charged to:		
- profit or loss	**1**	(28)
End of financial year	**409**	408

14. Trade and other payables

	2019	2018
	GBP'000	GBP'000
Trade payables to:		
- Non-related parties	**6,844**	5,656
	6,844	5,656
Other Payable		
Accrued interest on debenture loans from immediate holding company	**14,266**	13,924
Accrued interest due to intermediate holding company	**1**	5
Accrued expenses due to related companies	**1,870**	837
Other accrued expenses	**31**	61
	16,168	14,827
Total Trade and other payables	**23,012**	20,483

15. Borrowings

	2019	2018
	GBP'000	GBP'000
Current		
Debenture loans from immediate holding company	**850,859**	894,852
Loan payable due to intermediate holding company	**3,055**	2,283
Total borrowings	**853,914**	897,135

As at March 31, 2019, debenture loans from immediate holding company are unsecured, bear interest ranging from 4.45% to 6% plus one month LIBOR per annum (2018 : 4.45% to 6% plus one month LIBOR per annum) and are repayable within 12 months (2018 : 12

months) from the date of inception of the loans. The company has the option to repay the loans earlier without any penalty.

As at March 31, 2019, loans due to intermediate holding company are under cash-pooling arrangement, unsecured, bear interest ranging from 2.47% to 3.05% (2018 : 1.99% to 2.42%) per annum and are repayable upon demand.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation GBP'000	Fair value gains GBP'000	Other GBP'000	Total GBP'000
2019				
Beginning of financial year		**8**		**8**
Credited/(charged) to:				
- profit or loss		**(4)**		**(4)**
End of financial year		**4**		**4**
2018				
Beginning of financial year		*		*
Credited/(charged) to:				
- profit or loss		181		181
End of financial year		8		8

Deferred income tax assets

	Provision on Bad and Doubtful Debt on Financial Assets GBP'000
2019	
Balances as at 31 March 2018	**416**
Debited to profit or loss	**(3)**
End of financial year	**413**
2018	
Beginning of financial year	**436**
Debited to profit or loss	**(20)**
End of financial year	**416**

16. Share capital

The Company's share capital comprise fully paid-up 2 (2018: 2) ordinary shares with no par value, amounting to a total of GBP * (2018: GBP *).

- Amount is less than GBP 1,000

17. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) Currency risk

The company transacts business in various foreign currencies, including the Euro, United States dollar and Singapore dollar, and therefore is exposed to foreign exchange risk. These exposures are managed, to the extent possibly by offsetting financial assets and liabilities that are denominated in the same currencies. The company also uses forward contracts to hedge its exposure to foreign currency risk in the local reporting currency. Further details on these derivative financial instruments are found in Note 12 to the financial statements.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the company's functional currency are as follows:

	2019	2018
	GBP'000	GBP'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**195,314**	231,971
Derivative financial instruments	**24**	42
	195,338	232,013
Financial liabilities		
Amortised Cost	**193,087**	232,518
	193,087	232,518
Net financial liabilities/(assets)	**(2,251)**	505
Currency profile	**(2,251)**	505
Currency exposure	**(2,251)**	505

17. Financial risk management (continued)

At 31 March 2019, if the GBP had strengthened/weakened by 10% (2018: 10%) against Euro with all other variables including tax rate being held constant, the Company's profit before tax for the financial year will (decrease)/increase by GBP (433) (2018: GBP (878)) as a result of currency translation gains/losses on the Euro-denominated financial instruments.

No sensitivity analysis is performed for United States dollar and Singapore dollar as any impact on profit or loss would not be material.

(a) Market risk

(i) Interest rate risk

The company's exposure to interest rate risk is primarily attributable to loans receivable from intermediate holding company, debenture loans from the immediate holding company and loans payable to intermediate holding company as disclosed in Notes 11,15 to the financial statements. The company's exposure to interest rate risk is limited to the floating rate on the debenture loans and loans receivable from/payables to the intermediate company and management is of the opinion that the interest rate is manageable and accordingly the company does not hedge against interest rate risk.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's profit before tax for the financial year ended March 31, 2019 would decrease by GBP1,848,000 (2018 : GBP1,985,000) respectively. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company's principal financial assets are cash and cash equivalents and trade and other receivables. Cash is placed with creditworthy financial institutions. The trade receivables are acquired from related companies whereby the related companies set credit terms and limits for customers and monitor compliance with these terms. The related companies act as the collection agent for the company while the company monitors the collections made on behalf by the related companies on a regular basis. Where appropriate, credit guarantee insurance cover is purchased. The company has a large pool of receivables arising from factoring.

The company has significant receivables from related companies and intermediate holding company (Notes 10 and 11). Management considers the credit risk relating to these intercompany receivables to be low.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the company's maximum exposure to credit risk.

(c) *Liquidity risk*

Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company's operations are largely financed by debenture loans from the immediate holding company and equity. Management is of the opinion that funding from the immediate holding company and/or related companies will be available as and when required.

All financial liabilities in 2019 and 2018 are repayable on demand or due within 1 year from the end of the reporting period.

(d) *Capital Risk*

The company reviews its capital structure at least annually to ensure that the company will be able to continue as a going concern. The capital structure of the company comprises only of issued capital, retained earnings and short-term debenture loans from immediate holding company. The company overall strategy remained unchanged from 2018.

(e) *Fair value measurements*

The table below presents financial assets and financial liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
As at 31 March 2019				
Derivative financial instrument		24		24
Total assets		24		24
As at 31 March 2018				
Derivative financial instrument		42		42
Total assets		42		42

There were no significant transfer between Level 1 and Level 2 of the fair value hierarchy in the period.

The carrying amounts of financial assets and financial liabilities approximate their respective net fair values due to the relatively short-term maturity of these financial instruments.

17. Financial risk management (continued)

(g) Offsetting financial assets and financial liabilities

The Company does not have a legally enforceable right to set off the intercompany balances with its immediate holding corporation and does not intends to settle on a net basis.

18. Immediate and ultimate holding corporation

The Company's immediate holding corporation is T S Global Procurement Company Pte Ltd Holdings Ltd, incorporated in Singapore. The ultimate holding corporation is Tata Steel Limited, incorporated in India.

19. Related party transactions

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

(a) Significant related transactions

	2019	2018
	GBP'000	GBP'000
With intermediate holding company		
Interest income from intermediate holding company	(1,069)	(1,242)
Interest paid/payable to intermediate holding company	77	41
With immediate holding company		
Interest paid/payable to immediate holding company	59,516	48,415
With related companies		
Purchase of receivables from related companies	2,369,665	2,317,876
Factoring income from related companies	(69,469)	(68,215)
Service fee expense to related companies	1,846	2,871

(b) Key management personnel compensation

There are no key management personnel other than the directors of the company. These directors are paid remuneration by related companies in their capacities as directors and/or executives of the related companies.