



## **Independent Auditor's Report**

To the Board of Directors and Shareholder of  
**NIIT Technologies Philippines, Inc.**  
(A wholly-owned subsidiary of NIIT Technologies Limited)  
1901 Marco Polo Ortigas Manila  
Sapphire Road, Ortigas Center  
Pasig City

## **Report on the Audits of the Financial Statements**

### ***Our Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NIIT Technologies Philippines, Inc. (the "Company") as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

### *What we have audited*

The financial statements of the Company comprise:

- the statements of financial position as at March 31, 2019 and 2018;
- the statements of total comprehensive income for the years ended March 31, 2019 and 2018;
- the statements of changes in equity for the years ended March 31, 2019 and 2018;
- the statements of cash flows for the years ended March 31, 2019 and 2018; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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.

### ***Independence***

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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***Emphasis of Matter***

We draw attention to Note 1 to the financial statements, which states that on February 8, 2018, the Board of Directors of the Company approved the cessation of its operations by June 30, 2019. Consequently, management plans to file an application for cancellation of registration with the Bureau of Internal Revenue (BIR). Following this, the Company has changed its basis of accounting from the going concern basis to an acceptable alternative authoritative basis of accounting as at and for the years ended March 31, 2019 and 2018 as described in Note 17.1 to the financial statements. Our opinion is not modified in respect of this matter.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines 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, 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.

Those charged with governance are responsible for 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 PSAs 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.



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As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism 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 those charged with governance 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.



Isla Lipana & Co.

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**Report on the Bureau of Internal Revenue Requirement**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 18 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Isla Lipana & Co.**

  
Ruth F. Blasco

Partner

CPA Cert. No. 112595

P.T.R. No. 0018519, issued on January 8, 2019, Makati City

SEC A.N. (individual) as general auditors 1653-A, Category A; effective until August 23, 2020

SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021

TIN 235-725-236

BIR A.N. 08-000745-133-2017, issued on June 8, 2017; effective until June 7, 2020

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City  
May 28, 2019



Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Shareholder of  
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1901 Marco Polo Ortigas Manila  
Sapphire Road, Ortigas Center  
Pasig City

None of the partners of the firm has any financial interest in NIIT Technologies Philippines, Inc. or any family relationships with its president, manager, or principal shareholder.

The supplementary information on taxes and licenses is presented in Note 18 to the financial statements.

**Isla Lipana & Co.**

  
Ruth J. Blasco

Partner

CPA Cert. No. 112595

P.T.R. No. 0018519, issued on January 8, 2019, Makati City

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**NIIT Technologies Philippines, Inc.**  
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Statements of Financial Position  
March 31, 2019 and 2018  
(All amounts in Philippine Peso)

	Notes	2019	2018
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash	2	31,626,316	29,203,258
Due from related parties	15	1,961,128	2,288,951
Prepayments	3	47,488	41,100
Property and equipment, net	4	-	194,245
Other assets	5	3,455,779	9,953,738
Deferred income tax assets, net	14	257,626	-
<b>Total assets</b>		<b>37,348,337</b>	<b>41,681,292</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other liabilities	6	1,618,402	6,041,688
Retirement benefit obligation	9	-	28,315
Deferred income tax liability, net	14	-	281,629
<b>Total liabilities</b>		<b>1,618,402</b>	<b>6,351,632</b>
<b>EQUITY</b>			
Share capital	7	1,000,000	1,000,000
Retained earnings	7	34,729,935	34,329,660
<b>Total equity</b>		<b>35,729,935</b>	<b>35,329,660</b>
<b>Total liabilities and equity</b>		<b>37,348,337</b>	<b>41,681,292</b>

(The notes on pages 1 to 21 are an integral part of these financial statements.)

**NIIT Technologies Philippines, Inc.**  
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Statements of Total Comprehensive Income  
For the years ended March 31, 2019 and 2018  
(All amounts in Philippine Peso)

	Notes	2019	2018
SERVICE REVENUE	15	7,369,480	32,990,403
COST OF SERVICES	10	-	(17,699,168)
GROSS INCOME		7,369,480	15,291,235
OPERATING EXPENSES	11	(7,563,370)	(16,776,439)
LOSS FROM OPERATIONS		(193,890)	(1,485,204)
OTHER INCOME, NET	12	726,926	4,749,484
INCOME BEFORE INCOME TAX		533,036	3,264,280
INCOME TAX EXPENSE	14	(132,761)	(2,962,715)
NET INCOME FOR THE YEAR		400,275	301,565
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		400,275	301,565

(The notes on pages 1 to 21 are an integral part of these financial statements.)

**NIIT Technologies Philippines, Inc.**  
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Statements of Changes in Equity  
For the years ended March 31, 2019 and 2018  
(All amounts in Philippine Peso)

	Share capital (Note 7)	Retained earnings (Note 7)		Total
		Appropriated	Unappropriated	
BALANCES, APRIL 1, 2017	1,000,000	10,470,179	23,557,916	35,028,095
COMPREHENSIVE INCOME				
Net income for the year	-	-	301,565	301,565
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	301,565	301,565
Reversal of appropriation of retained earnings	-	(10,470,179)	10,470,179	-
BALANCES, MARCH 31, 2018	1,000,000	-	34,329,660	35,329,660
COMPREHENSIVE INCOME				
Net income for the year	-	-	400,275	400,275
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	400,275	400,275
BALANCES, MARCH 31, 2019	1,000,000	-	34,729,935	35,729,935

(The notes on pages 1 to 21 are an integral part of these financial statements.)



**NIIT Technologies Philippines, Inc.**  
(A wholly-owned subsidiary of NIIT Technologies Limited)

Statements of Cash Flows  
For the years ended March 31, 2019 and 2018  
(All amounts in Philippine Peso)

	Notes	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		533,036	3,264,280
Adjustments for:			
Provision for non-recoverability of input value-added tax	5,11	35,635	6,567,190
Depreciation	4,10,11	137,789	1,158,115
Reversal of accruals	12	(89,927)	(3,327,150)
Unrealized foreign exchange gain, net		(149,346)	(1,011,322)
Gain on disposal of property and equipment	4,12	(423,857)	(323,750)
Loss on write-off of property and equipment	12	56,456	-
Retirement benefit expense (pension income)	9	475,735	(289,683)
Interest income	12	(981)	(1,311)
Operating income before changes in operating assets and liabilities		574,540	6,036,369
Changes in operating assets and liabilities			
Decrease (increase) in:			
Due from related parties		355,830	134,682
Prepayments		(6,388)	451,672
Other assets		5,790,309	788,327
Decrease in accounts payable and other liabilities		(4,837,409)	(741,731)
Cash generated from operations		1,876,882	6,669,319
Income taxes paid		-	(4,387,407)
Retirement benefits paid	9	-	(518,433)
Interest received	12	981	1,311
Net cash from operating activities		1,877,863	1,764,790
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Proceeds from disposal of property and equipment	4,12	423,857	323,750
NET INCREASE IN CASH		2,301,720	2,088,540
<b>CASH</b>			
At April 1		29,203,258	26,607,256
Effects of exchange rate changes	2	121,338	507,462
At March 31		31,626,316	29,203,258

(The notes on pages 1 to 21 are an integral part of these financial statements.)

## **NIIT Technologies Philippines, Inc.**

(A wholly-owned subsidiary of NIIT Technologies Limited)

Notes to the Financial Statements

As at and for the years ended March 31, 2019 and 2018

(In the notes, all amounts are shown in Philippine Peso unless otherwise indicated)

### **1. General information**

NIIT Technologies Philippines, Inc. (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 4, 2006 as a 100% foreign-owned corporation in accordance with the Corporation Code and Foreign Investments Act of 1991 (Republic Act No. 7042, as amended by Republic Act No. 8179). It is engaged in providing information technology (IT) management services and other related services to its related parties (Note 15).

Prior to September 5, 2012, the Company is a wholly-owned subsidiary of EB2 International Ltd. (EB2). On September 5, 2012, NIIT Technologies Ltd. (“NIIT” or the “Parent Company”) became the new parent company after its acquisition of all the shares of stock of the Company from EB2. The Parent Company is a foreign entity incorporated and domiciled in India and whose shares are publicly traded in India. It is engaged in the business of providing IT development and IT related services from its offshore development factories or centers in India.

After NIIT’s acquisition of the Company, the latter applied for a change in corporate name with the SEC from Sabre International Philippines Management, Inc. to NIIT Technologies Philippines, Inc., which was approved on January 26, 2013.

As at March 31, 2018, the Company’s registered office address, which is also its principal place of business, is 5<sup>th</sup> floor, North Tower, Rockwell Business Center, Ortigas Ave., Pasig City. On April 6, 2018, the Company transferred its registered office address to 1901 Marco Polo Ortigas Manila, Sapphire Road, Ortigas Center, Pasig City. The registered office of the Parent Company, which is also its principal place of business, is located at B-234, Okhala Industrial Area, New Delhi, India.

#### Status of operations

In 2017, the Company’s service agreements were not renewed which resulted in a decline in its service revenue that consequently resulted in the downsizing of manpower. Based on the foregoing events, the Company is no longer expected to continue its operations for the foreseeable future.

On February 8, 2018, the Board of Directors (BOD) approved the cessation of the Company’s operations by June 30, 2019. Consequently, management plans to file an application for cancellation of registration with the Bureau of Internal Revenue (BIR).

During 2019, the Company’s transactions mainly pertain to general and administrative activities.

As at March 31, 2019 and 2018, the Company has one employee.

These financial statements have been approved or authorized for issuance by the Company’s BOD on May 28, 2019

## 2. Cash

The account as at March 31 consists of:

	2019	2018
Cash in bank	31,596,316	29,173,258
Cash on hand	30,000	30,000
	31,626,316	29,203,258

Cash in bank earns interest at the prevailing bank deposit rates. Interest income earned on cash in bank for the year ended March 31, 2019 amounts to P981 (2018 - P1,311) (Note 12). Unrealized foreign exchange gain arising from cash in bank denominated in foreign currency amounts to P121,338 in 2019 (2018 - P507,462).

## 3. Prepayments

The account consists of prepaid insurance and advanced rent for office space and storage amounting to P47,488 as at March 31, 2019 (2018 - P41,100).

On May 7, 2018, the Company entered into a one year lease agreement for storage of Company's documents and unused equipment. The total storage fee and security deposit amounting to P106,578 and P8,605 respectively, were fully paid at commencement date.

## 4. Property and equipment, net

The account as at March 31 consists of:

	Office equipment	Furniture and fixture	Leasehold improvements	Total
<b>Cost</b>				
At April 1, 2017	23,255,704	4,611,374	16,758,780	44,625,858
Additions	-	-	-	-
Disposals	(2,368,732)	(305,992)	-	(2,674,724)
At March 31, 2018	20,886,972	4,305,382	16,758,780	41,951,134
Disposals	(2,445,563)	(4,221,400)	-	(6,666,963)
Write-off	(18,211,942)	(83,982)	(16,758,780)	(35,054,704)
At March 31, 2019	229,467	-	-	229,467
<b>Accumulated depreciation</b>				
At April 1, 2017	22,753,544	4,611,374	15,908,580	43,273,498
Depreciation	477,670	-	680,445	1,158,115
Disposals	(2,368,732)	(305,992)	-	(2,674,724)
At March 31, 2018	20,862,482	4,305,382	16,589,025	41,756,889
Depreciation	13,330	-	124,459	137,789
Disposals	(2,445,563)	(4,221,400)	-	(6,666,963)
Write-off	(18,200,782)	(83,982)	(16,713,484)	(34,998,248)
At March 31, 2019	229,467	-	-	229,467
<b>Net book value</b>				
At March 31, 2018	24,490	-	169,755	194,245
At March 31, 2019	-	-	-	-

Total depreciation expense for the years ended March 31 is allocated as follows:

	Notes	2019	2018
Cost of services	10	-	766,329
Operating expenses	11	137,789	391,786
		137,789	1,158,115

In 2019, the Company recognized gain on disposal of property and equipment amounting to P423,857 (2018 - P323,750) presented under other income, net in the statement of total comprehensive income.

On May 27, 2018, the Company's management approved to write-off the remaining property and equipment of the Company with a net book value of P56,456.

## 5. Other assets

The account as at March 31 consists of:

	Note	2019	2018
Input value-added tax (VAT)		12,304,896	16,267,649
Allowance for non-recoverability of input VAT		(9,064,015)	(9,028,380)
		3,240,881	7,239,269
Refundable security deposit	3,8	87,805	1,915,360
Creditable income tax		127,093	799,109
		3,455,779	9,953,738

In 2019, the Company received a refund from the BIR on input VAT amounting to P4,442,797 (2018 - P3,323,095). The remaining net amount of input VAT mainly relates to fiscal years ended March 31, 2019 and 2018 on which management is currently applying for VAT refund with the BIR.

Movement analysis of allowance for non-recoverability of input VAT are as follows:

	Note	2019	2018
At April 1		9,028,380	2,461,190
Provision for non-recoverability of input VAT	11	35,635	6,567,190
At March 31		9,064,015	9,028,380

## 6. Accounts payable and other liabilities

The account as at March 31 consists of:

	2019	2018
Accrued expenses	1,412,138	1,194,682
Payable to employee	113,211	94,394
Payable to government agencies	93,053	95,149
Trade payables	-	4,657,463
	1,618,402	6,041,688

Accrued expenses primarily consist of accrual of employee separation pay and bonuses, professional fees, utilities and other consultancy fees.

(3)

Payable to government agencies include withholding taxes and contributions payable to Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund.

Trade payables as at March 31, 2018 mainly pertain to amounts to be paid for telecommunication services. These were settled in July 2018.

## 7. Share capital; Retained earnings

### *Share capital*

Share capital as at March 31, 2019 and 2018 follows:

	Amount
Common shares - P100 par value per share	
Authorized - 30,000 shares	3,000,000
Issued and outstanding - 10,000 shares	1,000,000

As at March 31, 2019 and 2018, the Company has only one stockholder owning more than 100 shares of the Company's outstanding common shares.

### *Retained earnings*

On March 5, 2018, the BOD approved the reversal of appropriation of retained earnings for business expansion amounting to P10,470,179 that was set up in prior years. The appropriation made in prior years was reversed as a result of the expected cessation of the Company's business operations by June 30, 2019 as approved by the BOD.

As at March 31, 2019, the Company's unappropriated retained earnings amount to P34,729,935 (2018 - P34,329,660).

As at March 31, 2019 the Company has retained earnings in excess of its paid-in capital amounting to P33,729,935 (2018 - P33,329,660). The excess retained earnings are expected to be used to cover the remaining expenses of the Company and this is also planned to be remitted to the Parent Company.

## 8. Leases

The Company entered into an operating lease agreement covering its office space. The term of the lease is for a period of five (5) years commencing on May 15, 2010 until May 15, 2015, subject to a 5% annual escalation rate starting on the second year of the lease period. On May 18, 2015, the lease agreement was renewed for a period of three (3) years until May 14, 2018. At the end of the lease term, the Company did not extend the operating lease agreement.

On January 18, 2018, the Company entered into a short-term operating lease agreement covering its new office space. The term of the lease is for a period of six (6) months commencing on April 1, 2018 until September 30 2018, subject to a monthly fee of P37,890 and a refundable deposit of P75,780. The lease was renewed for a period of nine (9) months commencing on October 1, 2018 until June 30, 2019, subject to an updated monthly fee of P39,600 and refundable deposit of P79,200.

The lease agreements provide for payment of security deposits which are refundable to the Company at the end of the lease term amounting to P79,200 as at March 31, 2019 (2018 - P1,915,360).

The total future minimum lease payments under the non-cancellable portion of operating leases as at March 31 are as follows:

	2019	2018
Not later than one year	118,800	1,390,446
Later than one year but not later than five years	-	-
	118,800	1,390,446

Rent expense charged in the statement of total comprehensive income for the years ended March 31 follows:

	Notes	2019	2018
Cost of services	10	-	7,632,549
Operating expenses	11	1,622,433	1,598,269
		1,622,433	9,230,818

## 9. Retirement benefit obligation

The Company has an unfunded defined benefit plan, covering substantially all of its regular employees and officers. The Company recognizes its estimated retirement liability in compliance with the requirement of Republic Act 7641 (the Philippine Retirement Pay Law). The law provides that an employee upon serving five years in the Company shall be entitled to a retirement pay equivalent to at least one-half (1/2) month salary for every year of service.

As at March 31, 2019, all employees, except for one employee, covered by the retirement plan were terminated as a result of the cessation of the operations of the Company.

The retirement benefit obligation recognized in the statement of financial position as at March 31, 2018 follows:

	Amount
Present value of retirement benefit obligation	28,315
Fair value of plan assets	-
Liability recognized	28,315

The movement in the present value of the retirement benefit obligation as at March 31 follows:

	2019	2018
At April 1	28,315	836,431
Current service cost	144,014	5,443
Interest cost	-	48,680
Loss on curtailment	331,721	-
Benefits paid	-	(518,433)
Net remeasurement gain	-	(343,806)
Transfer to accrued expenses	(504,050)	-
At March 31	-	28,315

Loss on curtailment arose from the expected cessation of the Company's operations resulting in the derecognition of retirement obligation and accrual of separation benefits for the employee covered by the retirement plan. As at March 31, 2019, the Company has not yet settled the separation benefits for the remaining employee. The Company expects to settle the remaining separation benefits by June 30, 2019.

Retirement benefit expense (pension income) recorded as part of Salaries and employee benefits recognized under Cost of services and Operating expenses in the statement of total comprehensive income for the years ended March 31 follows:

	2019	2018
Current service cost	144,014	5,443
Interest cost	-	48,680
Loss on curtailment	331,721	-
Net remeasurement gain recognized during the year	-	(343,806)
	475,735	(289,683)

Retirement benefit expense (pension income) for the years ended March 31 in the statement of total comprehensive income is allocated as follows:

	2019	2018
Cost of services	-	95,722
Operating expenses	475,735	(385,405)
	475,735	(289,683)

The principal actuarial assumptions used in the actuarial valuation report as at March 31, 2018 are as follows:

	Percentage
Discount rate	6.49%
Salary increase rate	4.00%

#### *Discount rate*

The discount rate is based on the spot yield curve calculated from the Philippine Dealing Exchange (PDSI/T-R2) market yields by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

#### *Future salary rate increases*

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

#### *Demographic assumptions*

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.



The average remaining service life of employee as at March 31, 2018 is 14.0 years. The Company is expected to cease its operations by June 30, 2019 (Note 1).

#### 10. Cost of services

The account for the year ended March 31, 2018 consists of:

	Notes	Amount
Rent	8	7,632,549
Salaries and employee benefits	13	5,769,755
Utilities		3,218,115
Depreciation	4	766,329
Transportation and travel		162,600
Others		149,820
		17,699,168

Others include insurance expenses, supplies and printing costs.

For the year ended March 31, 2019, all expenses incurred by the Company are related to general and administrative expenses due to the planned cessation of the Company's operations.

#### 11. Operating expenses

The account for the years ended March 31 consists of:

	Notes	2019	2018
Salaries and employee benefits	13	3,432,924	3,375,684
Rent	8	1,622,433	1,598,269
Professional services		1,252,676	1,811,524
Taxes and licenses		576,370	954,885
Utilities		403,565	1,957,399
Depreciation	4	137,789	391,786
Provision for non-recoverability of input VAT	5	35,635	6,567,190
Transportation and travel		17,482	46,113
Others		84,496	73,589
		7,563,370	16,776,439

#### 12. Other income, net

The account for the years ended March 31 consists of:

	Notes	2019	2018
Gain on disposal of property and equipment	4	423,857	323,750
Foreign exchange gain, net		279,790	1,142,747
Reversal of accruals		89,927	3,327,150
Interest income	2	981	1,311
Loss on write-off of property and equipment	4	(56,456)	-
Bank charges		(11,173)	(45,474)
		726,926	4,749,484



Reversal of accruals pertains to obligations incurred in prior years, which management, upon making careful assessment, believes will no longer require settlement. As a result, the reversal is recorded as part of other income, net in statement of total comprehensive income for the years ended March 31, 2019 and 2018.

### 13. Salaries and employee benefits

The account for the years ended March 31 consists of:

	Salaries and wages	Other employee benefits	Total
2019			
Operating expenses	3,189,470	243,454	3,432,924
	3,189,470	243,454	3,432,924
2018			
Cost of services	4,622,933	1,146,822	5,769,755
Operating expenses	2,767,307	608,377	3,375,684
	7,390,240	1,755,199	9,145,439

### 14. Income tax

Income tax expense for the years ended March 31 consists of the following:

	2019	2018
Current	672,016	1,390,641
Deferred	(539,255)	1,572,074
	132,761	2,962,715

In 2019 and 2018, the Company claimed itemized deductions in computing for its income tax due. The Company is subject to the minimum corporate income tax (MCIT), which is computed at 2% of gross income net of allowable deductions, as defined under the tax regulations or to regular corporate income tax (RCIT), whichever is higher.

The reconciliation of income tax expense computed at the statutory income tax rate to the effective income tax expense for the years ended March 31 are as follows:

	2019	2018
Income tax at statutory rate of 30%	159,911	979,284
Add (deduct):		
Tax effect of permanent differences	(26,856)	1,983,824
Income subject to final tax	(294)	(393)
Income tax expense	132,761	2,962,715

Deferred income tax assets (liability), net as at March 31 consists of:

	2019	2018
Deferred income tax assets		
Provision for separation pay	302,430	-
Retirement benefit obligation	-	8,495
PAS 17 effect on straight-lining of rental expense	-	13,273
	302,430	21,768
Deferred income tax liability		
Unrealized foreign exchange gain	(44,804)	(303,397)
	257,626	(281,629)

### 15. Related party transactions

In the regular conduct of its business, the Company transacts with entities, which are considered related parties under PAS 24, "Related Party Disclosures".

The Company's related party balances and transactions are summarized as follows:

*As at and for the year ended March 31, 2019*

	Transactions	Outstanding balances - Due from related parties	Outstanding balance's terms and conditions
Service revenue			
Entities under common control			
NIIT Technologies Inc., USA	7,369,480	1,961,128	- Unguaranteed and unsecured - Non-interest bearing - Collectible in cash at gross amount with standard term of 30 days - See Note 15.1

*As at and for the year ended March 31, 2018*

	Transactions	Outstanding balances - Due from related parties	Outstanding balance's terms and conditions
Service revenue			
Entities under common control			
NIIT Technologies Inc., USA	20,188,438	2,288,951	- Unguaranteed and unsecured - Non-interest bearing - Collectible in cash at gross amount with standard term of 30 days - See Note 15.1
NIIT Media Technologies LLC	12,801,965	-	
	32,990,403	2,288,951	

There are no intercompany charges and key management salaries and benefits for the years 2019 and 2018. As at March 31, 2019 and 2018, all outstanding balances are classified as current.

#### *15.1 Service fees*

The Company entered into service agreement with related parties whereby the Company has agreed to provide IT and support services. Under these agreements, billings are based on either the cost plus mark-up or fixed price, whichever is agreed with the related parties.

In 2019, the Company did not render any services related to operations to its related parties.

No provision for impairment is deemed necessary to be made for amounts owed by related parties as at March 31, 2019 and 2018.

### **16. Critical accounting estimates, assumptions and judgments**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **Critical accounting estimates and assumptions**

##### *(a) Estimated useful lives of property and equipment (Note 4)*

The Company's management determines the estimated useful lives for its property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

##### *(b) Principal assumptions and estimation of retirement benefit obligation (Note 9)*

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the retirement benefit obligation include the discount rate and salary increase rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation. The salary increase rate is being approved by its Parent Company following standard approval procedures.

Other key assumptions for retirement obligation are based on current market conditions.

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## 16.1 Critical accounting judgments

### *(a) Allowance for impairment of due from related parties (Note 15)*

The Company maintains allowance for impairment of receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the related party customers, the customer's payment behavior and known market factors. The Company reviews the age and status of receivables, and identifies accounts to be provided with allowance on a continuous basis.

The amount and timing of recorded expenses for any period would differ if different judgments were made. An increase in allowance for impairment of Due from related parties would increase recorded costs and expenses and decrease the related assets.

Based on the assessment made, management believes that the amounts due from related parties are fully collectible as at March 31, 2019 and 2018.

### *(b) Impairment of property and equipment (Note 4)*

The Company reviews the carrying values of property and equipment for impairment in value. This includes considering certain indications of impairment such as significant decline in the asset's market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As at March 31, 2019 and 2018, management believes that there are no indications of impairment or changes in circumstances indicating that the carrying value of the Company's property and equipment may not be recoverable.

### *(c) Recoverability of excess input VAT (Note 5)*

The Company reviews its excess input VAT at each reporting date to assess whether an allowance for impairment should be recognized in profit or loss. In particular, assessment and judgment by management is required in determining the recoverability and the level of impairment required to bring the amount of excess input VAT to their recoverable amount. Such assessment and judgment is based on consideration of a number of factors, and actual results may differ, resulting in future changes to the allowance for impairment. These factors include, but are not limited to, availability of vatable and taxable income against which excess input VAT can be applied, respectively, age of balances, the refundability of these amounts and procedural due process.

Excess input VAT as at March 31, 2019 amounts to P3,240,881 (2018 - P7,239,269). As at March 31, 2019, input VAT amounting to P12,304,896 (2018 - P16,267,649) has been provided with allowance for non-recoverability amounting to P9,064,015 (2018 - P9,028,380).

As at March 31, 2019 and 2018, management believes that the net amount of excess input VAT is considered to be fully recoverable.

*(d) Recoverability of deferred income tax assets (Note 14)*

Realization of the future tax benefits related to the deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income within the carryover period of the related deferred income tax asset. The Company's management has considered these factors in assessing whether an allowance is needed to be set-up for deferred income tax asset when it is not probable that future taxable profit will be available against which the temporary difference can be utilized.

The Company's deferred income tax assets amount to P302,430 as at March 31, 2019 (2018 - P21,768).

*(e) Determination of functional currency*

The primary economic environment in which the Company operates is normally the one in which it mainly generates and expends cash. In determining its functional currency, the Company considers as primary indicators the currency that mainly influences its revenues and costs. Additional indicators which may provide evidence of functional currency are also considered like the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained.

In determining its functional currency, the Company considers the currency that mainly influences labor and other costs of providing services which drives the sales price or mark up to be charged to related parties. The Company's expenses are incurred and paid in Philippine Peso. Labor-related expenses, which are the Company's main cost drivers, are calculated and paid in accordance with the provisions of the Philippine Labor Code.

Based on its assessment, management has ascertained that Philippine Peso is the functional currency of the Company.

**17. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

**17.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standard for Small and Medium-Sized Entities (PFRS for SMEs) issued by the Financial Reporting Standards Council.

The financial statements of the Company have been prepared under the historical cost convention.

In view of the cessation of the Company's business operations (Note 1), the Company's financial statements as at and for the years ended March 31, 2019 and 2018 have been prepared using an acceptable alternative authoritative basis of accounting where all assets are stated at their estimated realizable amounts and all known losses and liabilities have been provided for. All assets are expected to be realized and liabilities to be settled within the next twelve months from the reporting date.

The preparation of financial statements in conformity with PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 16.

In preparing the company's financial statements, management has made its best estimate and judgement with regard to the measurement of the Company's assets and liabilities, giving due consideration to best available facts and circumstances.

### **17.2 Amendments to PFRS for SMEs not yet adopted by the Company**

There are no amendments to PFRS for SMEs that are effective on or after April 1, 2018 that are expected to have a material impact on the Company's financial statements.

### **17.3 Cash**

Cash includes cash on hand, deposits held at call with a certain bank, which earn interest at the prevailing bank deposit rates. These are carried in the statement of financial position at face amount or at nominal amount.

### **17.4 Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basic financial instruments and (b) complex financial instruments. The Company does not have financial instruments classified as complex as at March 31, 2019 and 2018.

#### **Basic financial instruments**

The Company's basic financial instruments comprise cash, due from related parties, refundable security deposits, accounts payable and other liabilities (excluding payable to government agencies).

#### *Initial measurement*

On initial recognition, a basic financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

#### *Subsequent measurement*

Basic financial instruments are subsequently measured at amortized cost using the effective interest rate method.

#### *Impairment of financial instruments measured at cost or amortized cost*

At each reporting date, the Company assesses whether there is an objective evidence of impairment on any financial assets that are measured at cost or amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.



For an instrument measured at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. Where an asset is measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset in a sale at the reporting date.

#### *Derecognition of financial assets*

An entity only derecognizes a financial asset when:

- The contractual rights to the cash flows from the assets have expired or are settled;
- The entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset; or
- It has retained some significant risks and rewards but has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. The asset is therefore derecognized, and any rights and obligation created or retained are recognized.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

#### *Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

As at March 31, 2019 and 2018, there are no financial assets and liabilities that have been offset.

### **17.5 Prepayment and other assets**

Prepayment is recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Prepayments are measured at cost in the statement of financial position. Prepayments are derecognized through amortization over a period of time, upon delivery of goods or the rendering of services.

Other non-financial asset is recognized as asset to the extent that it is probable that the benefit will flow to the Company and the asset has cost or value that can be measured reliably. This includes excess input VAT and creditable income tax which are derecognized when there is a legally enforceable right to apply the recognized amounts against the related liability (i.e. output VAT or income tax payable) within the period prescribed by the relevant tax laws.

## 17.6 Refundable security deposit

Refundable security deposit is initially recognized at transaction price. It is subsequently measured at amortized cost using the effective interest method, less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of the lease. Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of allowance account. It is derecognized when the right to receive cash flows from the financial asset has expired or the Company has transferred substantially all the risks and rewards of ownership.

## 17.7 Property and equipment

All property and equipment are stated at historical cost less accumulated depreciation and provision for impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprise its purchase price and any directly attributable costs of bringing the asset to its working condition and location of its intended use.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which these are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to their estimated useful lives, as follows:

Office equipment	3 years
Furniture and fixtures	3 years
Leasehold improvement	3 years or lease term, whichever is shorter

Major renovations are depreciated over the remaining useful life of the related asset. The asset's residual values and useful lives are reviewed at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 17.8).

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated depreciation are removed from the accounts. Any gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss.

## 17.8 Impairment of non-financial assets

Assets that have definite useful lives are subject to depreciation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.



### *Prepayments and other assets*

The Company provides allowance for impairment losses on prepayments and other assets when these can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease prepayments.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the statement of total comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of amortization, if applicable) had no impairment loss been recognized for that asset in prior years.

### *Property and equipment*

The Company assesses at each financial reporting date whether there is an indication that an asset may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their estimated recoverable amounts.

The estimated recoverable amount of an asset is the greater of the net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the CGU to which the asset belongs. Impairment losses of continuing operations are recognized in the statement of total comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed by a credit to current operations (unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the same asset) to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of total comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## **17.9 Employee benefits**

### *Retirement benefit obligation*

The Company provides for retirement benefits to its employees in accordance with the requirements of Republic Act 7641, the Philippine Retirement Pay Law, which is similar to a defined benefit plan. A defined benefit pension plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of credited service, and compensation.

The liability recognized in the statement of financial position is the present value of the retirement benefit obligation at the end of reporting period less the fair value of plan assets. The retirement benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the retirement benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Philippine Peso, and that have terms to maturity approximating the terms of the related retirement benefit obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the period in which these arise.

Past-service costs are recognized immediately in profit or loss.

### *Short-term benefits*

The Company recognizes liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absence, and other non-monetary benefits.

### *Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

## **17.10 Share capital**

Common shares are classified as equity.

## **17.11 Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

### *Service revenue*

Generally, revenue from IT and support services is recognized by reference to costs incurred. The Company recognizes revenue in the period of the performance of the related services using the cost-plus method based on the costs incurred by the Company as stipulated in the service level agreement entered into with related parties. To some extent, there were revenues from IT and support services that are recognized when services are actually rendered or work is committed based on an agreed contract price between related parties.

### *Interest income*

Interest income on bank deposits, which is presented net of tax paid or withheld, is recognized in profit or loss when earned using the effective interest method.

### **17.12 Cost and expenses**

Cost and expenses are recognized in the year in which they are incurred.

### **17.13 Income tax**

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Deferred income tax is recognized, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses (net operating loss carry-over or NOLCO) and unused tax credit (excess minimum corporate income tax or MCIT) to the extent that it is probable that taxable profit will be available against which the temporary differences, NOLCO and MCIT can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax charge or credit included in income tax expense is recognized for the changes during the year in deferred income tax assets and liabilities.

#### **17.14 Leases - Company as lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by the Company under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

#### **17.15 Foreign currency transactions and translation**

##### *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional currency.

##### *Transactions and balances*

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Philippine Peso are recognized in profit or loss.

#### **17.16 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

#### **17.17 Provisions and contingencies**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements but they are disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent assets are not recognized in the financial statements unless realization of income is virtually certain. It is disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

### 17.18 Subsequent events (or events after reporting date)

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

### 18 Supplementary information required by the Bureau of Internal Revenue (BIR)

Below is the additional information required by Revenue Regulations No. 15-2010. The information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

#### Output VAT

Output VAT declared for the year ended March 31, 2019 and the revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Sale of services		
Zero-rated	7,369,480	-

The Company's service fees are subject to zero-rated VAT as these pertain to the Company's service fees collected from its Parent Company under the service agreement which is considered export sale of services pursuant to Sec. 4.106-5 of Revenue Regulations No. 14-2005 (also known as the Consolidated Value-Added Tax Regulation of 2005).

#### Input VAT

Movements in input VAT for the year ended March 31, 2019 are as follows:

	Amount
Beginning balance	16,267,649
Add: Current year's domestic purchases/payments for:	
Goods other than capital goods	-
Domestic purchases of services	480,044
VAT refund relating to taxable year 2016 and 2017	(4,442,797)
	12,304,896

Excess input VAT is included in prepayment and current assets in the statement of financial position.

*All other local and national taxes*

All other local and national taxes paid as at and for the year ended March 31, 2019 consist of:

	Amount
Municipal taxes	506,464
Community tax	10,500
Penalties	50,000
Registration fee	500
Others	8,906
	576,370

All other local and national taxes are lodged in taxes and licenses in the statement of total comprehensive income.

*Withholding taxes*

Withholding taxes paid and accrued as at and for the year ended March 31, 2019 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	477,762	33,668	511,430
Expanded withholding tax	63,973	2,624	66,597
	541,735	36,292	578,027

Accrued withholding and other taxes are included in accounts payable and other liabilities in the statement of financial position.

*Tax assessments*

There are no tax assessments involving the Company as at March 31, 2019.

*Tax cases*

The Company is not a party to any tax cases as at March 31, 2019.