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

ANNUAL REPORT
For the financial year ended 31 March 2020

PROCO ISSUER PTE. LTD.
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2020

Contents

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2020.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 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:

Director Name	Appointment Date	Resignation Date
Mr Rajiv Mukherjee	-	-
Mr. Ranganath Raghupathy Rao	-	29th May 2019
Mr Sandip Biswas	-	21st November 2019
Ms Sethi Simran	-	22nd November 2019
Ms Samita Shah	22nd November 2019	
Mr Raghav Sud	22nd November 2019	
Mr Lu Kee Hong	22nd November 2019	

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:

Name of directors and company in which interests are held	At beginning of year	At end of year
Tata Steel Limited (Ordinary shares of Rs.10 each)		
Koushik Chatterjee	1,531	
Sandip Biswas	4,795	-

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

Raghav Sud	Samita Shah
Director	Director

■

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PROCO ISSUER PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

In our opinion, the accompanying financial statements of Proco Issuer Pte. Ltd. ("the Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the financial year ended 31 March 2020;
- the balance sheet as at 31 March 2020;
- the statement of changes in equity for the financial year then ended;
- the statement of cash flows for the financial 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.

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.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBER OF PROCO ISSUER PTE. LTD. (continued)

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

- 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 provisions 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 2020

	Note	2020	2019
		GBP'000	GBP'000
Revenue	4	54,478	69,469
Other income			
- Interest	5	1,185	1,069
- Others	6	(2)	(147)
Expenses			
- Administrative		(2,469)	(3,634)
- Finance	7	(51,814)	(59,593)
Profit before tax		1,378	7,164
Income tax expense	8	458	(1,201)
Profit after tax and total comprehensive income for the year		1,836	5,963

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

PROCO ISSUER PTE. LTD.

BALANCE SHEET
As at 31 March 2020

	Note	2020	2019
		GBP'000	GBP'000
ASSETS			
Current assets			
Cash and cash equivalents	9	-	-
Trade and other receivables	10	866	468,285
Loan receivable	11	22,975	429,441
Derivative financial instruments	12	-	24
		23,841	897,750
Non-current assets			
Deferred income tax assets	13	1,219	409
Total assets		25,060	898,159
LIABILITIES			
Current liabilities			
Trade and other payables	14	76	23,013
Current income tax liabilities		29	1,201
Borrowings	15	3,088	853,914
Total liabilities		3,193	878,128
NET ASSETS		21,867	20,031
EQUITY			
Share capital	16	*	*
Retained earnings		21,867	20,031
Total equity		21,867	20,031

*Amount is less than GBP 1,000

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

PROCO ISSUER PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

	Note	Share capital GBP'000	Retained earnings GBP'000	Total equity GBP'000
2020				
Beginning of financial year		*	20,031	20,031
Profit for the year		-	1,836	1,836
End of financial year		*	21,867	21,867
2019				
Beginning of financial year		*	14,068	14,068
Profit for the year		-	5,963	5,963
End of financial year		*	20,031	20,031

*Amount is less than GBP 1,000

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

PROCO ISSUER PTE. LTD.

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2020

	Note	2020 GBP'000	2019 GBP'000
Cash flows from operating activities			
Profit before income tax		1,378	7,164
Adjustments for:			
- Interest income	5	(1,185)	(1,069)
- Interest expense	7	51,814	59,593
		52,007	65,688
Changes in working capital:			
- Trade and other receivables		467,516	(33,428)
- Trade and other payables		(8,676)	2,192
- Derivative financial instruments		24	18
Cash provided by/(used in) from operations		510,871	34,470
Income tax paid		(1,525)	(2,622)
Net cash provided by/(used in) operating activities		509,346	31,848
Cash flows from investing activities			
Interest received		1,087	1,157
Loans to intermediate holding company		(3,693,562)	(3,912,280)
Repayments of loans from intermediate holding company		4,100,029	3,981,481
Net cash provided by investing activities		407,554	70,358
Cash flows from financing activities			
Dividend paid	19	-	-
Debenture loans from immediate holding company		1,135,390	1,705,616
Repayments of debenture loans from immediate holding company		(1,986,249)	(1,749,609)
Loans from intermediate holding company		40,892	34,180
Repayments of loans from intermediate holding company		(40,859)	(33,408)
Interest paid		(66,074)	(59,255)
Net cash used in financing activities		(916,900)	(102,476)
Net decrease in cash and cash equivalents		-	(270)
Cash and cash equivalents			
Beginning of financial year	9	-	270
Cash and cash equivalents at end of financial year	9	-	-

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

Reconciliation of liabilities arising from financial activities

	Opening balance as at 1 April GBP'000	Proceeds from borrowings GBP'000	Principal, interest and dividend payments GBP'000	Non cash changes interest expense GBP'000	Closing balance as at 31 March GBP'000
Borrowings					
2020	868,181	1,176,282	(2,093,182)	51,814	3,095
2019	911,064	1,739,796	(1,842,272)	59,593	868,181

1. General information

The Company is incorporated in Singapore with 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.

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 2019

On 1 April 2019, 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.

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 retrospective approach with the cumulative impact of the adoption recognised in the opening retained earnings at 1 April 2018. Comparative information for 31 March 2018 are not restated.

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

(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 31 March 2018 are not restated and the Company has recognised any difference between the carrying amounts at 31 March 2018 and 1 April 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.6.

The adoption of FRS 115 and FRS 109 had no material effect on the amounts reported for the current or prior financial year.

2. Significant accounting policies (continued)

2.2 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable.

(a) Factoring income

The Company provides accounts receivables financing to related companies and earns a factoring income that is recognised over time on a straight line basis over the term of the relevant contracts.

The Company does not have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(b) Interest income

Interest income is recognised using the effective interest rate method.

2.3 Borrowing costs

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

2.4 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.

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. Significant accounting policies (continued)

2.5 Dividends

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

2.6 Financial assets

(a) The accounting for financial assets (except for derivative financial instruments as described under Note 2.7) before 1 April 2018 under FRS 39 are as follows:

(i) Loans and receivables

Cash and cash equivalents
Trade and other receivables
Loan receivables

Bank balances, trade and other receivables and loan receivables 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.

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.

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

The Company classifies its financial assets (except for derivative financial instruments as described under Note 2.7) into the amortised cost measurement category.

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.

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

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

(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

Debt instrument

Debt instruments of the Company mainly comprise of cash and cash equivalents, trade and other receivables and loan receivables.

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:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument 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 is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains/(losses)".

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.

2. Significant accounting policies (continued)

2.6 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)

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

For trade receivables, 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 other receivables, loan receivables and cash and cash equivalents, 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.

2.7 Derivative financial instruments

The company enters into foreign exchange forward contracts to manage its exposure to in foreign exchange rate risk. Further details are disclosed in Note 12 to the financial statements.

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. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

2.8 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.

2.9 Borrowings

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.

2. Significant accounting policies (continued)

2.9 Borrowings (continued)

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.

2.10 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2. Significant accounting policies (continued)

2.13 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.

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 impacting profit or loss are presented within 'others (net)'.

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

Estimates, assumptions and judgements 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.

(i) Expected credit losses (ECL) on trade receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

3. Critical accounting estimates, assumptions and judgements (continued)

(i) Expected credit losses (ECL) on trade receivables (continued)

The policy for allowances for impairment of the company is based on the evaluation of collectability 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, reasonable and supportable forecast of future economic conditions at the reporting date and the extent of any credit insurance coverage. The Company also evaluates the expected credit loss on specific customers when the Company receives objective evidence indicating the receivables are deemed uncollectible to the extent that there is no reasonable expectation of collections. Any subsequent changes to these estimates will be recognised in profit or loss in the financial year in which the estimates change. The carrying amount of trade receivables and other receivables are disclosed respectively in Note 10.

As at the date of the balance sheet, management has assessed that the ECL as recorded in Note 10 is adequate.

(ii) Revenue recognition

The company recognises revenue from factoring income over the period in which the receivables are expected to be collected. The period over which collection is due 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 collection patterns from these customers. Such estimate requires significant judgement and adjustments may be made in future periods, if collection patterns from customers changes significantly.

4. Revenue from contracts with customers

	2020	2019
	GBP'000	GBP'000
Factoring income from related companies	54,478	69,469

5. Interest income

	2020	2019
	GBP'000	GBP'000
Interest income from:		
Intermediate holding company	1,183	1,069
Outside parties	2	*
	1,185	1,069

*Amount is less than GBP 1,000

6. Other income

	2020	2019
	GBP'000	GBP'000
(Losses)/gains on foreign exchange, net	22	(129)
Fair value (losses)/gains on derivative financial instruments	(24)	(18)
	(2)	(147)

7. Finance expenses

	2020	2019
	GBP'000	GBP'000
Interest charges on debenture loans from immediate holding company	51,722	59,517
Interest charges from intermediate holding company	92	76
	51,814	59,593

8. Income taxes

Income tax expense

	2020	2019
	GBP'000	GBP'000
Tax expense attributable to profit is made up of:		
- Current income tax	29	1,202
- Deferred income tax (Note 13)	(809)	(1)
	780	1,201
Under provision in prior financial years		
- Current income tax	322	-
	(458)	1,201

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

	2020	2019
	GBP'000	GBP'000
Profit before tax	1,378	7,164
Tax calculated at tax rate of 17% (2019: 17%)	234	1,218
Effect of non-deductible/(non-taxable) items	(938)	3
Tax-exempt income and rebate	(17)	(10)
Under provision in prior year	322	-
Bad Debt Written off	(57)	-
Others	(2)	(10)
Tax charge	(458)	1,201

9. Cash and cash equivalents

	2020	2019
	GBP'000	GBP'000
Cash at bank	-	-

10. Trade and other receivables

Trade receivables

	2020	2019
	GBP'000	GBP'000
Trade receivables - non-related parties	7,925	376,266
Less: Allowance for impairment	(7,168)	(8,262)
Trade receivables – net	757	368,004

Other receivables

	2020	2019
	GBP'000	GBP'000
Related companies	-	100,271
Accrued interest income on loan to immediate holding company	107	10
Prepaid Expense	2	-
Total	109	100,281
Total trade and other receivables	866	468,285

Other receivables from related companies largely represent collections from purchased trade receivables that had not been remitted to the company at the end of the financial year.

The average credit period on the purchased receivables ranges from 24 to 76 days (2019: 24 to 72 days).

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 NIL (2019 : GBP 68,122,000) 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. The amounts are insured by credit guarantee insurance and are still considered recoverable. 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 7,168,000 (2019 : GBP 8,262,000).

The basis of the determination of the allowance is disclosed in Note 3.

10. Trade and other receivables (continued)

Ageing of receivables that are past due but not impaired

	2020	2019
	GBP'000	GBP'000
< 1 month	-	45,206
1 month to 3 months	-	12,694
3 months to 6 months	-	4,299
> 6 months	757	5,923
	757	68,122

Movement in the allowance for impairment

	2020	2019
	GBP'000	GBP'000
Balance at beginning of year	8,262	8,315
Written back to profit or loss	(760)	(53)
Written off during the year	(334)	-
Balance at end of year	7,168	8,262

11. Loan receivable

	2020	2019
	GBP'000	GBP'000
Loan receivable due from intermediate holding company	22,975	429,441

As at 31 March 2020, loan receivables due from intermediate holding company, T S Global Holdings Pte. Ltd. ("TSGH") are under a cash-pooling arrangement, unsecured, bear interest rates ranging from 0.26% to 0.60% (2019: 0.26% to 0.44%) per annum, and are repayable upon demand.

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 Nil (2019: EUR 8,164,879 and USD 2,764,071).

	2020	2019
	GBP'000	GBP'000
Forward foreign exchange contracts		
- unrealised fair value gains	-	24

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.

12. Derivative financial instruments (continued)

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:

	2020	2019
	GBP'000	GBP'000
Forward foreign exchange contracts	-	9,157

Changes in the fair value of derivative financial instruments

	2020	2019
	GBP'000	GBP'000
Opening fair value of derivative financial instruments		
Fair value (losses)/gains of derivative financial instruments	24	42
recognised in profit or loss	(24)	(18)
Closing fair value of derivative financial instruments	-	24

The following table details the forward foreign currency contracts outstanding as at 31 March 2020:

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	-	-	-	-
Sell USD less than 3 months	-	-	-	-
			-	-

The following table details the forward foreign currency contracts outstanding as at 31 March 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	2,764	2,122	(21)
			9,157	24

13. Deferred income tax assets

	2020 GBP'000	2019 GBP'000
Beginning of financial year	409	408
Tax credited/(charged) to:		
- profit or loss (Note 8)	809	1
End of financial year	1,218	409

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

	Fair value gains GBP'000
2020	
Beginning of financial year	4
(Credited)/charged to:	
- profit or loss	(4)
End of financial year	-
2019	
Beginning of financial year	8
(Credited)/charged to:	
- profit or loss	(4)
End of financial year	4

*Amount less than GBP 1,000.

Deferred income tax assets

	Allowance for impairment GBP'000
2020	
Beginning of financial year	413
Charged to profit or loss	805
End of financial year	1,218

	Allowance for impairment GBP'000
2019	
Beginning of financial year	416
Charged to profit or loss	(3)
End of financial year	413

14. Trade and other payables

	2020	2019
	GBP'000	GBP'000
Trade payables		
-Deferred factoring income [1]	-	6,844
	-	6,844
Other payables		
Accrued interest on debenture loans from immediate holding company	-	14,266
Accrued interest due to intermediate holding company	7	1
Accrued expenses due to related companies	-	1,870
Other accrued expenses	69	32
	76	16,169
Total trade and other payables	76	23,013

[1] Deferred factoring income pertains to unearned revenue from the trade receivables acquired.

15. Borrowings

	2020	2019
	GBP'000	GBP'000
Current		
Debenture loans from immediate holding company	-	850,859
Loan payable due to intermediate holding company	3,088	3,055
Total borrowings	3,088	853,914

During the current financial year debenture loans from immediate holding company are unsecured, bear interest ranging 4.45% to 6% plus one month LIBOR per annum (2019: 4.45% to 6% plus one month LIBOR per annum).

The unsecured debenture loan from immediate holding company has been repaid during the year.

As at 31 March 2020, loans due to intermediate holding company are under cash-pooling arrangement, unsecured, bear interest ranging from 0.85% to 3.15% (2019: 2.47% to 3.05%) per annum and are repayable upon demand.

16. Share capital

	2020	2019	2020	2019
	Number of ordinary shares		GBP'000	GBP'000
Issued and fully paid	2	2	*	*

* Amount is less than GBP 1,000.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

17. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate 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 possible 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 year, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the company's functional currency are as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
	GBP'000	GBP'000	GBP'000	GBP'000
Singapore Dollar	-	-	3,002	2,779
Euro	-	151,667	-	147,342
United States Dollar	-	43,649	-	42,966

If GBP strengthened/weakened by 10% against the relevant foreign currency, profit before tax will increase/(decrease) by:

	Impact to profit or loss	
	2020	2019
	GBP'000	GBP'000
Euro	-	(433)

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

17. Financial risk management (continued)

Financial risk factors (continued)

(a) Market Risk (continued)

ii) Interest rate risk

Interest rate risk arises from the potential change in interest rates that may have an adverse effect on the company in the current reporting period or in future years.

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 and 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 31 March 2020 would decrease/increase by GBP 3,689,081 (2019: GBP 3,252,535) 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 has a policy of carrying out credit checks on customers and under securitisation program, securitising insured debtors wherever appropriate to minimise its exposure to credit risk.

The maximum exposure to credit risk for each class of financial instruments in the carrying amount of that class of financial instruments presented on the balance sheet. The Company’s major classes of financial assets are trade and other receivables and loan receivable.

17. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of trade receivables

The Company applies the simplified approach in measuring expected credit losses which uses lifetime expected credit loss allowance for trade receivables. To measure the expected credit losses they are grouped based on shared risk characteristics.

In assessing the allowance for impairment the Company has used relevant historical information and loss experience, incorporated forward looking information, including significant changes in external market indicators and considered the amounts subject to credit insurance cover. More details on the Company's policy for allowances for impairment for trade receivables are described in Note 3.

The table below represents the analysis for the credit risk exposure relating to trade receivables as of 31 March 2020 and the allowance for impairment:

	As at 31 March 2020			
	Gross amounts receivable	Amounts subject to credit insurance cover	Allowance for impairment	Net exposure to credit risk
	GBP'000	GBP'000	GBP'000	GBP'000
Amounts not yet due	-	-	-	-
One month overdue	-	-	-	-
Two months overdue	-	-	-	-
Three months overdue	-	-	-	-
Between three to six months overdue	-	-	-	-
Greater than six months overdue	7,925	757	7,168	-
Total	7,925	757	7,168	-

17. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

In 2019, the impairment of the financial assets were assessed based on the incurred loss impairment model.

The Company considered that there was evidence if any of the following indicators were present:

- There is significant difficulty of the debtor.
- Breach of contract, such as default or past due event
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

	As at 31 March 2019			
	Gross amounts receivable	Amounts subject to credit insurance cover	Allowance for impairment	Net exposure to credit risk
	GBP'000	GBP'000	GBP'000	GBP'000
Amounts not yet due	445,361	419,879	-	25,482
One month overdue	11,920	11,466	-	454
Two months overdue	774	774	-	-
Three months overdue	1,217	1,150	-	67
Between three to six months overdue	3,243	3,082	161	-
Greater than six months overdue	14,022	5,921	8,101	-
Total	476,537	442,272	8,262	26,003

(c) Liquidity risk Management

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 2020 and 2019 are repayable on demand or due within 1 year from the end of the reporting period.

17. Financial risk management (continued)

Financial risk factors (continued)

(d) Capital Risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

The Board of Director's monitors its capital based on net debt and total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2020 GBP'000	2019 GBP'000
Net debt	3,164	876,927
Total equity	21,867	20,031
Total capital	25,031	896,958

(e) Fair value measurements

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
As at 31 March 2020				
Financial asset, at FVPL	-	-	-	-
As at 31 March 2019				
Financial asset, at FVPL	-	24	-	24

The fair value of financial instruments that are not traded in an active market (over-the-counter currency forwards) is determined using quoted forward exchange rates at the balance sheet date. These instruments are included in Level 2.

17. Financial risk management (continued)

Financial risk factors (continued)

(f) Financial instruments by category

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost / FVPL are as follows:

	2020	2019
	GBP'000	GBP'000
Financial assets		
Loans and receivables		
Financial asset, at amortised cost	23,839	897,726
Financial asset, at FVPL	-	24
Financial liabilities, at amortized cost	3,164	870,083

(g) Offsetting financial assets and financial liabilities

Financial instruments subject to offsetting, enforceable master netting arrangement and similar agreements

2020

Financial asset			
	(a)	(b)	(c) = (a) - (b)
Type of financial asset	Gross amounts of recognized financial asset	Gross amounts of recognized financial liability set off in the statement of financial position	Net amounts of financial asset presented in the statement of financial position
	GBP'000	GBP'000	GBP'000
Derivative financial instruments (Note 12)	-	-	-

2019

Financial asset			
	(a)	(b)	(c) = (a) - (b)
Type of financial asset	Gross amounts of recognized financial asset	Gross amounts of recognized financial liability set off in the statement of financial position	Net amounts of financial asset presented in the statement of financial position
	GBP'000	GBP'000	GBP'000
Derivative financial instruments (Note 12)	83	59	24

18. Holding company and related company transactions

The company is a wholly-owned subsidiary of T S Global Procurement Company Pte. Ltd., incorporated in Singapore. The company's intermediate holding companies are T Steel Holdings Pte. Ltd. and T S Global Holdings Pte. Ltd., both incorporated in Singapore. The company's ultimate holding company is Tata Steel Limited, incorporated in India. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the company's transactions and arrangements are between members of the group. The intercompany balances are unsecured, interest-free and repayable on demand except as disclosed in Notes 10, 11, 14 and 15 to the financial statements.

During the year, other than as disclosed elsewhere in the financial statements, the company entered into the following significant transactions with related companies:

(a) Significant related transactions

	2020	2019
	GBP'000	GBP'000
With intermediate holding company		
Interest income from intermediate holding company	(1,183)	(1,069)
Interest payable to intermediate holding company	92	76
With immediate holding company		
Interest payable to immediate holding company	51,722	59,517
With related companies		
Purchase of receivables from related companies	1,611,164	2,369,665
Factoring income from related companies	(54,748)	(69,469)
Service fee expense to related companies	3,003	3,627

18. Holding company and related company transactions (continued)

(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.

19. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2020 and which the Company has not early adopted:

(a) FRS 116 Leases (effective for annual periods beginning on or after 1 April 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the Company's commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

As at balance sheet date the Company does not have any leases and hence adoption of this standard is not expected to have a material impact on the financial statements of the Company.

(b) INT FRS 123 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 April 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

20. New or revised accounting standards and interpretations (continued)

(b) INT FRS 123 Uncertainty Over Income Tax Treatments (effective for annual periods beginning on or after 1 April 2019) (continued)

ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored

iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment

iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and

v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company does not expect additional tax liability to be recognised arising from the adoption of the new standard.

21. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Proco Issuer Pte. Ltd. on ■.