TeamHGS Limited

Financial Statements
31 March 2020

TeamHGS Limited

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31 March 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of
TeamHGS Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TeamHGS Limited ("the Company") set out on pages 1 to 41, which comprise the statement of financial position as at 31 March 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, 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.

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and the Board of Directors for the Financial Statements (continued)

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 Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, 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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
TeamHGS Limited
Page 3

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' 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 presents a true and fair view.

We communicate with the Board of 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 additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examinations of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner so required.

Baker Tilly

Chartered Accountants
Kingston, Jamaica
6 May 2020

TeamHGS Limited

Statement of Financial Position
As at 31 March 2020

	Note	2020	2019
		$	$
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	523,903,656	1,561,373,935
Right-of-use assets	7	1,215,562,848	-
		1,739,466,504	1,561,373,935
Current Assets			
Receivables	8	563,927,289	498,006,921
Taxation recoverable		-	17,643,585
Cash at bank and in hand	9	196,546,059	84,568,294
		760,473,348	600,218,800
TOTAL ASSETS		2,499,939,852	2,161,592,735
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	10	1,000	1,000
Retained earnings		569,347,376	425,342,592
		569,348,376	425,343,592
Non-Current Liabilities			
Lease liabilities	7	350,528,174	-
Due to related parties	11	1,056,801,234	1,474,015,996
Deferred income taxes	12	53,239,642	-
		1,460,569,050	1,474,015,996
Current Liabilities			
Payables	13	372,725,062	262,233,147
Current portion of lease liabilities	7	96,995,211	-
Taxation payable		302,153	-
		470,022,426	262,233,147
TOTAL EQUITY AND LIABILITIES		2,499,939,852	2,161,592,735

Approved for issue by the Board of Directors on 6 May 2020 and signed on its behalf by:

_______________ Director
Narasimha Murthy

TeamHGS Limited

Statement of Comprehensive Income
Year ended 31 March 2020

	Note	2020 $	2019 $
Turnover	14	4,860,938,298	3,877,581,175
Other income		-	5,000,000
Total income		4,860,938,298	3,882,581,175
Administrative and operating expenses	15	(4,513,523,945)	(3,704,486,274)
Operating profit	16	347,414,353	178,094,901
Finance costs, net	17	(80,674,244)	(8,425,521)
Profit before taxation		266,740,109	169,669,380
Taxation	19	(71,185,379)	(60,000)
Total comprehensive income		195,554,730	169,609,380

TeamHGS Limited

Statement of Changes in Equity
Year ended 31 March 2020

	Share Capital	Retained Earnings	Total
	$	$	$
Balance at 1 April 2018	1,000	255,733,212	255,734,212
Total comprehensive income	-	169,609,380	169,609,380
Balance at 31 March 2019	1,000	425,342,592	425,343,592
Adjustment on initial application on IFRS 16 - leases	-	(51,549,946)	(51,549,946)
Restated total equity at 1 April 2019	1,000	373,792,646	373,793,646
Total comprehensive income	-	195,554,730	195,554,730
Balance at 31 March 2020	1,000	569,347,376	569,348,376

TeamHGS Limited

Statement of Cash Flows
Year ended 31 March 2020

	2020	2019
	$	$
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	266,740,109	169,669,380
Items not affecting cash resources:		
Depreciation	158,795,258	223,129,061
Depreciation on right-of-use assets	253,238,065	-
Loss on foreign exchange, net	46,108,885	8,437,342
Lease interest expense	38,036,368	-
Interest income	-	(11,821)
	762,918,685	401,223,962
Changes in operating assets and liabilities:		
Increase in receivables	(65,920,368)	(316,938,458)
Increase/(decrease) in payables	110,491,915	(90,580,212)
Cash provided by/(used in) operations	807,490,232	(6,294,708)
Tax paid	-	(60,000)
Interest paid	(38,036,368)	-
Interest received	-	11,821
Net cash provided by/(used in) operating activities	769,453,864	(6,342,887)
Investing Activities		
Purchase of property, plant and equipment	(93,157,533)	(143,634,751)
Purchase of right-of-use assets	(3,869,560)	-
Cash used in investing activities	(97,027,093)	(143,634,751)
Cash Flows from Financing Activities		
Related parties	(466,428,871)	158,810,158
Lease principal payments	(93,794,312)	-
Cash (used in)/provided by financing activities	(560,223,183)	158,810,158
Net increase in cash and cash equivalents for year	112,203,588	8,832,520
Effects of changes in exchange rates on cash and cash equivalents	(225,823)	(259,757)
Cash and cash equivalents at beginning of year	84,568,294	75,995,531
CASH AND CASH EQUIVQLENTS AT END OF YEAR	196,546,059	84,568,294
Represented by:		
Cash at bank and on hand	196,546,059	84,568,294

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

1. Identification and principal activity

The company was incorporated in Jamaica on August 19, 2011. Its principal activity involves the provision of call centre and consultancy services. Its registered office is located at 12-14 Worthington Terrace, Kingston 6.

These financial statements are presented in Jamaican dollars.

2. 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 for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention as modified by the valuation of certain items. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 4.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the company's operations

New standards impacting the company that have been adopted in the annual financial statements for the year ended 31 March 2020, and which have given rise to changes in the company's accounting policies are:

IFRS 16 'Leases', specifies how an IFRS reporter will recognise, measure, present and disclose leases. IFRS 16 was issued January 2016 and became effective 1 January 2019. It replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It resulted in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed.

Adoption of IFRS 16 resulted in the company recognising right-of-use assets and lease liabilities for all contracts that are, or contain, a lease. The only exceptions are short-term (less than 12 months) and low-value leases. The company applied the standard from its mandatory adoption date of 1 April 2019. The company elected to adopt the modified retrospective approach and have not restated comparative amounts for the year prior to first adoption. Right-of-use assets were measured at the amount of the lease liability and adoption (adjusted for any prepaid or accrued lease expenses). Commitments relating to short-term leases and low value leases will continue to be recognised on a straight-line basis as expense in profit and loss.

For leases previously classified as operating leases, under previous accounting requirements the company did not recognise related assets or liabilities, and instead had spread the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

Under IFRS 16, instead of recognising an operating expense for its operating lease payments, the company has instead recognised interest on its lease liabilities and amortisation on its right-of-use assets. Operating cash flows increased, and financing cash flows decreased as repayment of the principal portion of the lease liabilities have been classified as cash flows from financing activities.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the company's operations (continued)

Amendments to IFRS 9 'Financial Instruments', 'Prepayment Features with Negative Compensation' (effective for annual periods beginning on or after 1 January 2019). Under the current IFRS 9 requirements, the solely for payments of principal and interest (SPPI) condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain). 'Prepayment Features with Negative Compensation' amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the company's model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

Amendments to IAS 19, 'Employee benefits' on 'plan amendment, curtailment or settlement' (effective for annual period beginning on or after 1 January 2019). These amendments require an entity to: use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Entities should also separately recognise any changes in the asset ceiling through other comprehensive income.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the company's operations (continued)

IFRIC 23, 'Uncertainty over income tax treatments' (effective for annual periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether the treatment will be accepted by the tax authority. 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:

- 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

- 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

- 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

- 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

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

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the company's operations (continued)

Annual improvements to IFRS 2015 - 2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective for annual periods beginning on or after 1 January 2019). The amendments to IFRS 3 clarifies that obtaining control of a company that is a joint operation is a company combination achieved in stages. Amendments to IFRS clarified that the party obtaining joint control of a company that is a joint operation should not remeasure its previously held interest in the joint operation. The amendments to IAS 12 clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments did not result in any material effect on the company's financial statements.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

IFRS 17, 'Insurance Contracts', (effective for annual periods beginning on or after 1 January 2021). In May 2017, the IASB issued IFRS 17 which replaces the current guidance in IFRS 4 Under IFRS 17, insurance liabilities are to be measured at a current fulfilment value. The standard also provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

Definition of a Company – Amendments to IFRS 3 (effective for Company combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020). The amended definition of a company requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Definition of Material (Amendments to IAS 1 and IAS 8) The amendments clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. The amendment further clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses material in the context of the financial statements as a whole. The standard also states that the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining this as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020). The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. These new standards include increasing the prominence of stewardship in the objective of financial reporting. It also includes changes in reinstating prudence as a component of neutrality. Further key changes include defining a reporting entity, which may be a legal entity, or a portion of an entity and revising the definitions of an asset and a liability as well as removing the probability threshold for recognition and adding guidance on de-recognition.

The standard further includes changes to adding guidance on different measurement basis and stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

The standard clarifies that no changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the company.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(b) **Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are transalated into Jamaican dollars at the exchange rate prevailing at the date of the statement of financial position, that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Leasehold improvements	20%
Furniture, fixtures and equipment	10%
Computers	$33^1/_3$%

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenance expenditure is charged to the statement of comprehensive income during the financial period in which they are incurred.

(d) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

(e) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of significant accounting policies (continued)

(f) Income taxes

Where applicable, taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Prior to 1 January 2020 no deferred income taxes were provided for in these accounts as the company was previously exempt from paying income taxes. As of 1 January 2020 the relevant deferred income taxes have been calculated and reflected as the company's tax status has been reverted to taxable.

(g) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

(h) Revenue recognition

TeamHGS derives its revenue primarily from call centre and consultancy services. Depending on the terms of the arrangement, revenue from consultancy and call centre services is recognized on a per employee, per transaction or cost-plus basis. When the company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. Cost and earnings in excess of billings are classified as unbilled revenue. The Company presents revenues net of General Consumption Taxes. Revenue is only recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured.

2. Summary of significant accounting policies (continued)

(i) Related party transactions

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party has a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(j) Financial instruments

Classification
From 1 April 2019, the company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Measurement
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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss IFRS9 (4.3.2), (4.3.3).

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

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

Debt instruments
Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or 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 recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment
From 1 April 2019, the company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2. Summary of significant accounting policies (continued)

(k) Impairment

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(l) Lease Liabilities and Right-of-use assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

(i) Leases of low value assets; and
(ii) Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 3 for 'changes in accounting policies'. The following policies apply subsequent to the date of initial application, 1 April 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company' incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

(i) amounts expected to be payable under any residual value guarantee;
(ii) the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
(iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the company:

(i) since it does not have recent third-party financing, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
(ii) makes adjustments specific to the lease, e.g. term, currency and security.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(l) Leases Liabilities and Right-of-use assets (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

(i) lease payments made at or before commencement of the lease;
(ii) initial direct costs incurred; and
(iii) the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets valued as US$5,000 or less when new. The company has no short-term leases or leases for low valued assets at this time.)

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the company. These are used to maximise operational flexibility in terms of managing the assets used in the company' operations. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasure using the discount rate.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

2. Summary of significant accounting policies (continued)

(l) Leases Liabilities and Right-of-use assets (continued)

- applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3. Effect of changes in accounting policies

The company adopted IFRS 16 with a transition date of April 1, 2019. This note explains the impact of the adoption on the company' financial statements.

As indicated in note 2(a), the company has adopted IFRS 16 Leases from 1 April 2019, and has chosen not to restate comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in note 2(l).

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The company does not have any leasing activities acting as a lessor.

i) Transition method and practical expedients utilised

The company adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 April 2019), without restatement of comparative figures. The company elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

For leases previously classified as finance leases the company recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

3. Effect of changes in accounting policies (continued)

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application;
(d) Use hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
(e) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the company recognizes right-of-use assets and lease liabilities for most leases. However, the company has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

i) Measurement of the right-of-use assets

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount for any prepaid or accrued lease payments relating to that lease, subject to the practical expedients noted above.

ii) Measurement of lease liabilities

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 *Leases.* These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 9.29% for property lease.

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Notes to The Financial Statements
31 March 2020

3. Effect of changes in accounting policies (continued)

ii) Measurement of lease liabilities (continued)

The following table reconciles the minimum lease commitments of the business as at 31 March 2019 to the amount of lease liabilities recognised on 1 April 2019.

	1 April 2019
	$
Operating lease commitments as at 31 March 2019	633,115,110
Less: effect of discounting using the incremental borrowing rate at the date of initial application	(201,649,893)
Lease liability as at 1 April 2019	431,465,217
Of which are:	
Current lease liabilities	92,846,069
Non-current lease liabilities	338,619,148
	431,465,217

iii) Adjustments recognised in the balance sheet on 1 April 2019

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 April 2019:

	Notes	31 March 2019	IFRS 16	1 April 2019
		$	$	$
Assets				
Property, plant and equipment	(a)	1,561,373,935	(971,832,554)	589,541,381
Right-of-use assets	(a)	-	379,916,317	379,916,317
Liabilities				
Lease liabilities	(b)	-	431,465,217	431,465,217

a) Property, plant and equipment was adjusted to transfer leasehold improvements to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by $1,361,844,116 and accumulated depreciation by $390,011,562 for a net adjustment of $971,832,554.

b) The adjustment to right-of-use assets is as follows:

	$
Adjustment noted in (a) above	971,832,554
Operating type leases	379,916,317
Right-of-use assets	1,351,748,871

c) Lease liabilities adjusted for $431,465,217. See reconciliation above.

4. Critical accounting estimates and judgements in applying accounting policies

The company makes estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates, assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Income taxes
Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain during the ordinary course of business. In cases of such uncertainty, the company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Depreciable assets
Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) Fair value of financial assets
The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (note 5).

5. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Directors are ultimately responsible for the establishment and oversight of the company's risk management framework. They provide written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. It is Company policy to assess the credit risk of new customers before entering contracts.

Credit risk also arises from director's account, cash and cash equivalents and deposits with banks and financial institutions.

Risk management

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by management.

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31 March 2020

5. Financial risk management (continued)

(a) Credit risk (continued)

Management determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The company does not hold any collateral as security.

Impairment of financial assets
The company has one type of financial asset that is subject to the expected credit loss model:

- trade receivables for provision of call centre and consulting services.

While director's account and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets
The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the payment profiles of services rendered over a period of 36 months before 31 March 2020 or 1 April 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP, inflation and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

TeamHGS Limited

5. Financial risk management (continued)

(a) Credit risk (continued)

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 March 2020 there were no lifetime expected credit losses of the full value of the receivables.

Previous accounting policy for impairment of trade receivables
In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Other financial assets at amortised cost
Other financial assets at amortised cost include loans to related parties and key management personnel and other receivables.

While the other financial assets at amortised cost are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

5. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The company's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;
(ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
(iii) Maintaining a committed line of credit.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

5. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities
The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

	1 to 3 months	3 to 12 months	1 to 5 years	Total	Carrying amount
	$	$	$	$	
			2020		
Trade payables	69,943,820	-	-	69,943,820	69,943,820
Accruals	302,781,242	-	-	302,781,242	302,781,242
Lease obligations	37,972,198	59,023,013	350,528,174	447,523,385	447,523,385
Due to related parties	-	-	1,056,801,234	1,056,801,234	1,056,801,234
	410,697,260	59,023,013	1,407,329,408	1,877,049,681	1,877,049,681
			2019		
Trade payables	48,329,326	-	-	48,329,326	48,329,326
Accruals	213,903,821	-	-	213,903,821	213,903,821
Due to related parties	-	-	1,474,015,996	1,474,015,996	1,474,015,996
	262,233,147	-	1,474,015,996	1,736,249,143	1,736,249,143

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents and receivables.

(c) Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk exposures are measured using sensitivity analysis. There has been no significant exposure to market risks or the manner in which it manages and measures the risk.

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

5. Financial risk management (continued)

(d) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The following table summarises the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$	$
				2020		
Assets						
Receivables	-	-	-	-	563,927,289	563,927,289
Cash at bank and in hand	-	-	-	-	196,546,059	196,546,059
Total financial assets	-	-	-	-	760,473,348	760,473,348
Liabilities						
Due to related parties	-	-	-	-	1,056,801,234	1,056,801,234
Payables	-	-	-	-	372,725,062	372,725,062
Lease obligations	9,440,129	28,532,069	59,023,013	350,528,174	-	447,523,385
Total financial liabilities	9,440,129	28,532,069	59,023,013	350,528,174	1,429,526,296	1,877,049,681
Total interest re-pricing gap	(9,440,129)	(28,532,069)	(59,023,013)	(350,528,174)	(669,052,948)	(1,116,576,333)

TeamHGS Limited

Notes to The Financial Statements
31 March 2020

5. Financial Risk Management (continued)

(d) Interest rate risk (continued)

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$	$
				2019		
Assets						
Receivables	-	-	-	-	498,006,921	498,006,921
Cash at bank and in hand	-	-	-	-	84,568,294	84,568,294
Total financial assets	-	-	-	-	582,575,215	582,575,215
Liabilities						
Due to related parties	-	-	-	-	1,474,015,996	1,474,015,996
Payables	-	-	-	-	262,233,147	262,233,147
Total financial liabilities	-	-	-	-	1,736,249,143	1,736,249,143
Total interest re-pricing gap	-	-	-	-	(1,153,673,928)	(1,153,673,928)

(e) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm’s length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and bank balances, receivables and payables reflect their approximate fair values because of the short-term maturity of these instruments. The fair value of the related parties’ balances could not be reasonable assessed as there are no set repayment terms.

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Notes to the Financial Statements
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6. Property, plant and equipment

	Leasehold Improvements	Work-in-Progress	Furniture, Fixtures & Equipment	Computers	Total
	$	$	$	$	$
Cost -					
1 April 2018	1,337,020,841	6,798,807	604,196,949	285,806,114	2,233,822,711
Additions	2,315,892	111,509,723	6,124,777	23,684,359	143,634,751
Transfers	22,507,383	(86,231,003)	(155,854,249)	219,577,869	-
31 March 2019	1,361,844,116	32,077,527	454,467,477	529,068,342	2,377,457,462
Reclassification due to adoption of IFRS 16 (note 3)	(1,361,844,116)	-	-	-	(1,361,844,116)
Restated as at 1 April 2019	-	32,077,527	454,467,477	529,068,342	1,015,613,346
Additions	-	42,892,264	31,430,028	18,835,241	93,157,533
Transfers	-	(74,969,791)	16,255,798	58,713,993	-
31 March 2020	-	-	502,153,303	606,617,576	1,108,770,879
Depreciation -					
1 April 2018	344,531,977	-	75,078,529	173,343,960	592,954,466
Charge for year	45,479,585	-	40,563,977	137,085,499	223,129,061
31 March 2019	390,011,562	-	115,642,506	310,429,459	816,083,527
Reclassification due to adoption of IFRS 16 (note 3)	(390,011,562)	-	-	-	(390,011,562)
Charge for year	-	-	48,150,599	110,644,659	158,795,258
31 March 2020	-	-	163,793,105	421,074,118	584,867,223
Net Book Value -					
31 March 2020	-	-	338,360,198	185,543,458	523,903,656
31 March 2019	971,832,554	32,077,527	338,824,971	218,638,883	1,561,373,935

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Notes to the Financial Statements
31 March 2020

7. Leases

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases: -

Right-of-use assets

	2020	2019
	$	$
Balance as at beginning	1,351,748,871	-
Addition – lease renewal	113,228,585	-
Additions – leasehold improvements	3,869,560	-
Depreciation	(253,284,168)	-
Balance as at end of year	1,215,562,848	-

Lease liabilities

	2020
	$
1 April 2019 (Note 3 iii)	431,465,217
Additions	113,228,585
Lease payments	(135,161,727)
Interest expense	38,036,368
Foreign exchange effect	(45,058)
31 March 2020	447,523,385

	2020	2019
	$	$
Current	96,995,211	-
Non-current	350,528,174	-
Balance as at end of year	447,523,385	-

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Notes to the Financial Statements
31 March 2020

7. Leases (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020	2019
	$	$
Depreciation charge on right-of-use assets (included in administrative expenses)	253,238,065	-
Interest expense (included in finance costs)	38,036,368	-

(iii) Amounts recognized in the statement of cash flows

	2020	2019
	$	$
Total cash outflow for leases	135,161,727	-

TeamHGS Limited

Notes to the Financial Statements
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8. Receivables

	2020	2019
	$	$
Trade receivables	439,992,235	393,854,515
Deposits	56,336,741	34,978,500
Prepayments	67,598,313	69,173,906
	563,927,289	498,006,921

9. Cash at bank and in hand

	2020	2019
	$	$
National Commercial Bank Jamaica Limited	196,006,359	82,972,414
Cash in hand	539,700	1,595,880
	196,546,059	84,568,294

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the company's savings account ranges from 1% to 2.20% for an account that is denominated in United States Dollars.

10. Share capital

	2020	2019
	$	$
Authorised, issued and fully paid 1,000 ordinary shares of $1.00, no par value.	1,000	1,000

11. Due to related parties

These represent inter-company accounts held with the related parties (HGS St. Lucia, HGS Inc, HGS India, HGS Phillipines and HGS U.S.A.) in the normal course of business. The balance is interest free and has no fixed repayment terms.

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Notes to the Financial Statements
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12. Deferred income taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a tax rate of 12.5%. Assets and liabilities recognised on the statement of financial position are as follows:

	2020	2019
	$	$
Deferred income tax liabilities	(53,239,642)	-
Balance at end of year	(53,239,642)	-

The movement on the net deferred income tax balance is as follows:

	2020	2019
	$	$
Balance at start of year	-	-
Charged to statement of comprehensive income (Note 19)	(53,239,642)	-
Balance at end of year	(53,239,642)	-

Deferred income tax liabilities are attributable to the following items:

	2016	2015
	$	$
Deferred income tax liabilities:		
Property, plant and equipment	(53,239,642)	-
Net liabilities	(53,239,642)	-

The amounts shown in the statement of financial position include the following:

	2020	2019
	$	$
Deferred tax liabilities to be settled:		
- after more than 12 months	(53,239,642)	-
- within 12 months	-	-
	(53,239,642)	-

TeamHGS Limited

Notes to the Financial Statements
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13. Payables

	2020	2019
	$	$
Trade payables	69,943,820	48,329,326
Accruals	263,978,366	176,935,884
Statutory liabilities	38,802,876	36,967,937
	372,725,062	262,233,147

14. Turnover

Turnover represents income earned from the provision of call centre and consultancy services.

15. Expenses by nature

	2020	2019
	$	$
Audit fee	2,662,000	2,200,000
Bank charges	1,609,918	3,941,267
Commission	15,933,504	13,143,551
Courier	752,848	407,180
Depreciation	158,795,258	223,129,061
Depreciation on right-of-use assets	253,238,065	-
Dues and subscription	2,758,313	773,600
Equipment rental	2,543,415	2,125,703
Insurance	19,267,070	14,413,575
Management fees	32,512,798	31,182,848
Office supplies	83,576,627	76,852,474
Printing and stationery	4,784,689	2,579,805
Professional fees	28,073,729	15,328,203
Rent	16,912,119	136,326,400
Repairs and maintenance	223,499,874	121,954,650
Security	56,190,187	55,060,308
Staff costs	2,958,093,360	2,426,636,565
Training and development	147,124,583	139,652,314
Travelling, meetings and conferences	155,908,031	129,994,609
Utilities	349,287,557	308,784,161
	4,513,523,945	3,704,486,274
Finance costs, net (Note 17)	80,674,244	8,425,521
	4,594,198,189	3,712,911,795

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16. Operating profit

The following have been charged in arriving at operating profit:

	2020	2019
	$	$
Auditors' remuneration	2,662,000	2,200,000
Depreciation	158,795,258	223,129,061
Depreciation on right-of-use asset	253,238,065	-
Directors' emoluments:-		
- Fees	-	-
- Management remuneration	32,512,798	31,182,848
Staff costs (Note 18)	3,061,893,758	2,426,636,565

17. Finance costs, net

	2020	2019
	$	$
Lease interest expense	38,036,368	-
Foreign exchange losses	109,992,135	62,047,094
	148,028,503	62,047,094
Foreign exchange gains	(67,354,259)	(53,609,752)
Interest income	-	(11,821)
	80,674,244	8,425,521

18. Staff costs

	2020	2019
	$	$
Salaries and wages	2,461,908,330	2,012,279,880
Statutory contributions	287,377,086	252,202,824
Staff welfare	208,807,944	162,153,861
	2,958,093,360	2,426,636,565

19. Taxation

Taxation is based on the operating profit for the year adjusted for taxation purposes and comprises income tax at 12.5%:

	2020	2019
	$	$
Income tax at 12.5%	17,945,737	60,000
Deferred taxation (Note 12)	53,239,642	-
	71,185,379	60,000

a. Under the Provisional Collection of Tax Act, the Minimum Business Tax Order, 2014, enacted a new minimum tax of $60,000 per annum commencing in the year of assessment 2014. The Minimum Business Tax paid can be credited towards the Income Tax Payable for the year of assessment, provided that the income tax liability is greater than the minimum tax. In prior year tax had been paid by the Company and had been included in taxation expenses in these financial statements. This tax was abolished during the year.

b. The company was designated free zone entity under the Freezone Act and hence was not subject to income tax on its normal trading activities in any given year in which the criteria for free zone status were met. This Act was replaced by the Special Economic Zone Act as of 31 December 2019. From 1 January 2020 the company acquired status under the Special Economic Zone Act which requires payment of taxes on taxable profits arising from all normal trading activities, at a reduced rate of 12.5% per annum.

The taxation charge in the statement of comprehensive income differs from the theoretical amount that would arise using the appropriate income tax rate during the year is as follows:

	2020	2019
	$	$
Profit before taxation	266,740,109	-
Less profit taxable 0%	(156,735,774)	-
Net profit taxable at 12.5%	110,004,335	-
Tax calculated at a tax rate of 12.5%	13,750,542	-
Adjusted for the effects of:-		
Amounts not allowed for tax purposes	10,363,715	-
Employment Tax Credit	(7,691,030)	-
Effects of changes in tax rate during the year	54,762,152	-
	71,185,379	-

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20. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

(a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or

(b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This include enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the company.

The related party balances are as follows:-

	2020	2019
	$	$
HGS St. Lucia Limited	1,392,067,657	1,392,067,657
HGS Inc.	-	2,583,592
HGS India	11,165,970	7,038,362
HGS U.S.A.	(355,201,040)	52,701,345
HGS Phillipines	8,085,648	19,625,040
HGS Int. Private	682,999	-
	1,056,801,234	1,474,015,996

The following amounts have been charged in the statement of comprehensive income:-

- Management fees - $32,512,798; (2019:- $31,182,848) HGS Inc.