

CIGNITI TECHNOLOGIES (AUSRTRALIA) PTY LTD

ABN: 22 169 616 700

SPECIAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED

31st March 2020

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Cigniti Technologies (Australia) Pty Ltd
Directors' Report
31st March 2020

The Directors of Cigniti Technologies (Australia) Pty Ltd ('the Company') submits their Special Purpose Financial report for the year ended 31st March 2020. In the director's opinion, the company is not reporting entity because there are no users dependent on general purpose financial reports. This year report covers Cigniti Technologies (Australia) Pty Ltd as an individual entity and has been prepared to meet Corporation Act 2001 requirements.

Directors

The names of the Directors of the Company holding office during the year ended 31 March 2020 and until the date of this report were:

Martine Dominique Joly	(Appointed on 19 May 2014)
Srikanth Chakkilam	(Appointed on 19 May 2014)
Venkata Subramanyam Chakkilam	(Appointed on 19 May 2014)

Secretary

The following persons held office as Secretary of the Company during the Year Ended or up to the date of this report:

No secretary has been appointed.

Corporate information

The Company is a company limited by shares that is incorporated and domiciled in Australia. This is the Sixth financial year of the company which has been in operation.

The parent entity is Cigniti Technologies Ltd, suite No. 106 & 107, 6-3-456/C MGR Estate Dwarakapuri Colony, Panjagutta Hyderabad Andhra Prad ESH 50008, and India.

The registered office of the Company is located at:

C/o Bilateral Solutions Pty Ltd
Unit 1, 575 Darling Street
Rozelle NSW 2039
Australia

Principal activities

The principal activity of the Company is of providing software testing services. This is the fifth year of the operation. There were no significant changes in the nature of the activities of the Company for the year ended 31st March 2020.

Director's report (continued)

Review of operations

The Profit (Loss) after tax of the Company for the year ended 31st March 2020 is \$(130,068.66).

Dividends

No dividends had been paid during the year ended 31st March 2020

Significant changes in the state of affairs

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the Year under review.

Environmental regulation

The Company's operations are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory Law.

Likely developments and expected results of operations

Further information as to likely developments in the operations of the Company and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Company.

Directors' and officers' indemnity

The Constitution of the Company provides for the Company to indemnify:

- a) every person who is or has been a Director, secretary or executive officer of the Company out of the property of the Company against any liability (other than for legal costs and expenses) incurred by that person in his or her capacity as a Director, secretary or executive officer of the Company.
- b) every person who is or has been a Director, secretary or executive officer of the Company out of the property of the Company against legal costs and expenses incurred in defending an action for a liability incurred by the person in his or her capacity as a Director, secretary or executive officer of the Company except in the circumstances prohibited by or not permitted under the Corporations Act 2001 from time to time.

Director's report (continued)

Events subsequent to the balance date

The Directors are not aware of any other matters or circumstances that have occurred since the end of the year that have significantly affected or may significantly affect the operation of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Auditor's independence declaration

Our auditors, Liguory & Associates, have provided us with a declaration of their independence, which is attached to the Directors' Report.

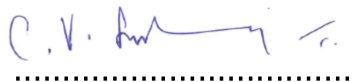
This report is made in accordance with a resolution of Directors on 29 April 2020.

Director's name

Director's signature

Date

Venkata Subramanyam Chakkilam


.....

29 April 2020

29th April 2020

Auditors' Independence Declaration

As lead auditor for the audit of Cigniti Technologies (Australia) Pty Ltd for the year ended 31 March 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cigniti Technologies (Australia) Pty Ltd during the year.



Fiedelis Liguory CA
Auditor
Liguory & Associates Chartered Accountants

Sydney, NSW

Cigniti Technologies (Australia) Pty Ltd
Income statements
For the year ended 31st March 2020

	Note	2020 (in AUD)	2019 (in AUD)
Revenue from continuing operations			
Fee income from software testing	3	2,987,248	2,987,161
Other income		28,097	6,807
Total revenue		3,015,345	2,993,968
Cost of sales	4(a)	(2,256,158)	(2,176,029)
Gross profit		759,187	817,939
Expenses			
Other expenses from ordinary activities			
Marketing		(59,990)	(105,752)
Administration		(829,265)	(611,474)
Total expenses	4(b)	(889,255)	(717,226)
Profit/(loss) before income tax		(130,069)	100,713
Income tax expense	5	-	-
Net profit/(loss) attributable to members		(130,069)	100,713

Cigniti Technologies (Australia) Pty Ltd
Balance sheets
As at 31 March 2020

	Note	2020 (in AUD)	2019 (in AUD)
Assets			
Current assets			
Cash and cash equivalents	17(a)	110,093	112,639
Receivables		389,913	568,492
Others	6	9,688	27,622
Total current assets		509,694	708,753
Non-current assets			
Furniture & equipment	7	4,953	-
Other		-	-
Total non-current assets		4,953	-
Total assets		514,647	708,753
Liabilities			
Current liabilities			
Trade & other payable	8	30,170	29,961
Inter-company, net	16	2,929,230	2,828,436
Other Liabilities	14	181,075	346,115
Total current liabilities		3,140,475	3,204,512
Total liabilities		3,140,475	3,204,512
Net assets		(2,625,828)	(2,495,759)
Equity			
Contributed equity	10	865,001	865,001
Retained earnings	11	(3,490,829)	(3,360,760)
Total equity		(2,625,828)	(2,495,759)

Cigniti Technologies (Australia) Pty Ltd
Statements of changes in equity
For the Year ended 31st March 2020

	Note	2020 (in AUD)	2019 (in AUD)
Contributed equity			
Opening and closing balance	10	865,001	865,001
Retained profits			
Opening balance		(3,360,760)	(3,461,473)
Profit/(loss) attributable to members		<u>(130,069)</u>	<u>100,713</u>
Closing balance	11	<u>(3,490,829)</u>	<u>(3,360,760)</u>
Total equity		<u>(2,625,828)</u>	<u>(2,495,759)</u>

Cigniti Technologies (Australia) Pty Ltd
Cash flow statement
For the Year ended 31st March 2020

	Note	2020 (in AUD)	2019 (in AUD)
Cash flows from operating activities			
Receipts from customers		3,380,659	3,724,104
Payments to suppliers and employees		(3,484,000)	(3,753,952)
<hr/>			
Net cash provided by / (used in) operating activities	17(b)	<u>(103,341)</u>	<u>(29,847)</u>
 Cash flows from Investing activities			
Payment for equipment: Other		-	-
<hr/>			
Net cash flows from investing activities		-	-
 Cash flows from financing activities			
Payments towards intercompany borrowing			
Proceeds from intercompany borrowing		100,796	-
Proceeds from issues of shares		-	-
<hr/>			
Net cash flows from financing activities		-	-
 Net (decrease) in cash and cash equivalents			
		(2,545)	(29,847)
Cash and cash equivalents at the beginning of the financial year		112,639	142,486
<hr/>			
Cash and cash equivalents at the end of the financial year	17(a)	<u><u>110,093</u></u>	<u><u>112,639</u></u>

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 1 Summary of significant accounting policies

(a) General information

Special Purpose Financial report of Cigniti Technologies (Australia) Pty Ltd for the Year ended 31st March 2020 has been prepared and was authorised for issue in accordance with a resolution of the Directors on 03 May 2020.

Cigniti Technologies (Australia) Pty Ltd is incorporated and domiciled in Australia. It is a company limited by shares. The functional currency of the Company has been determined to be Australian Dollars (AUD) as this currency best reflects the economic substance of the underlying events and circumstances relevant to the Company.

(b) Statement of compliance

The financial report complies with applicable Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

(c) Basis of preparation

(i) Special purpose financial report

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the Corporations Act 2001 requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. It contains the disclosures that are mandatory under the Accounting Standards and those considered necessary by the directors to meet the needs of the members. Cigniti Technologies (Australia) Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the counting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2 if applicable.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments)
- certain classes of property, plant and equipment and investment property – measured at fair value
- assets held for sale – measured at fair value less cost of disposal, and
- Retirement benefit obligations if applicable – plan assets measured at fair value.

Note 1 Summary of significant accounting policies (continued)

(d) Revenue recognition

The Company has not early adopted the application of AASB 15 'Revenue from Contracts' with Customers, "which is effective from 1st January 2018. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The principal source of revenue is software testing.

Software testing

Software testing is performed on the contract basis and sales income is recognised on an accrual basis when a right to be compensated for services rendered has been established and the risks and rewards can be reliably measured.

The specific accounting policies for the company's main types of revenue are explained in note 3. Revenue for other business activities is recognised on the following basis:

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Going Concern- Material Uncertainty

The company has made a loss of \$130, 069 in the current year. Further, company has a negative net asset position of \$2,625,828 and negative working capital of \$2,625,828 whilst the company made a net cash outflow of \$103,341 from operating activities. Based on the circumstances identified above, there exists a material uncertainty regarding the company ability to continue as a going concern.

Subsequent to the end of the financial year, the directors received confirmation from its parent entity support of financial guarantee and expect further funding should it require to trade a going concern, and this is a significant judgment exercised by management.

The ability of the company to continue as a going concern and be able to pay its debt as they fall due is contingent on the successful funding by the parent entity".

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 1 Summary of significant accounting policies (continued)

(f) Foreign currency translations

Functional and presentational currency

Both the functional and presentational currency of the Company is Australian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(g) Cash and cash equivalents

Cash and cash equivalents include cash at banks and money at short call with an original maturity of three months or less. They are brought to account at the face value or the gross value of the outstanding balance. Interest is taken to profit and loss using the effective interest method when earned.

(h) Trade and other receivables

Trade and other receivables are financial assets with fixed and determinable payments that are not quoted in an active market. Trade receivables primarily consist of fees receivables. Other receivables are short term loans.

(i) Financial instruments

The Company has adopted the application of AASB 9 "Financial Instrument" which is mandatory from 1st January 2018. Financial instruments are required to be classified into one of the following measurement categories which determines the accounting treatment of the item:

- a) Financial assets and financial liabilities at fair value through profit or loss (FVTPL)
- b) Amortised Cost
- c) Financial assets and liabilities at fair value through other comprehensive income (FVTOCI)

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. The Company was not required to re-classify any of its investments from the previous accounting standard to new standard AASB 9.

Note 1 Summary of significant accounting policies (continued)

De-recognition of financial instruments

The de-recognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party and the risks and rewards have substantially been transferred.

(j) Provisions for impairment

Financial assets

Financial assets, excluding derivative assets and assets at fair value through profit or loss, are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ("a loss event") and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. If any such indication exists, the asset's carrying amount is written down to the asset's estimated recoverable amount.

Trade and other receivables

The Company assesses at each balance date whether there is any objective evidence of impairment. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the expected future cash flows, discounted at the financial asset's original effective interest rate. Short-term balances are not discounted. Trade and other receivables are presented net of provisions for loan impairment.

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made on specific basis when there is objective evidence that the Company will not be able to collect debts. Bad debts are written off when identified.

(k) Income taxes

Income tax on the profit and loss for the year comprises current and deferred tax.

Income tax is recognised in the profit and loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 1 Summary of significant accounting policies (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Statements of Cash Flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Provisions

A provision is recognised in the Balance Sheet when the Company has a legal or constructive obligation as a result of a past event, and where it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provision for dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 1 Summary of significant accounting policies (continued)

(n) Trade and other payables

Trade and other payables are carried at amortised costs and represent the liabilities for the goods and services provided to the Company prior to the end of the Half year and arise when the Company becomes obliged to make future payments in respect of the goods and services.

(o) Contributed equity

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

(p) Leases

The Company has not early adopted the application of AASB 16 "Leases" which has an effective date of annual period beginning on or after 1st January 2018. Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(q) Property, plant and equipment's

The company's accounting policy for land and buildings is explained in notes. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the devalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When re-valued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(r) Employee benefits

(i) Short term employee benefit obligation

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

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 assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

The Company is subject to income tax in Australia. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome differs from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 3 Revenue

Revenue from testing services consist primarily of revenue earned from services performed on a 'time and material' basis and 'fixed piece contracts'. Income from time and material' contracts is billed to clients on acceptance and/or on the basis of man days' /man hours as per the terms of contract. Revenue on fixed price contracts is recognized in accordance with percentage of completion and method of account.

	2020 (in AUD)	2019 (in AUD)
Revenue from continuing operations		
Sales	3,015,345	2,987,161
Total revenue	<u>3,015,345</u>	<u>2,987,161</u>

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

	2020	2019
	(in AUD)	(in AUD)
Offshore delivery cost	633,814	661,935
Salary and wages delivery	1,622,344	1,514,094
Note 4 (a) Cost of goods sold	2,256,158	2,176,119

Note 4(b) Expenses

Salary and wages	372,273	325,799
Legal and professional fees	69,731	30,924
Travel	27,752	27,907
Marketing & promotions	59,990	105,752
Occupancy costs	73,419	16,011
Staff welfare	76	2,361
Office operating costs	42,980	61,209
Depreciation	2,239	4,299
Audit fees	32,998	30,502
Unrealized Exchange Gain	207,797	112,462
Total expenses	889,255	717,226

Note 5 Income tax

Income tax expense

The major components of income tax expense are:

Income statements

Current income tax

Current tax liability	-	-
Adjustments in respect of current income tax expense of previous years	-	-

Deferred income tax

Deferred income tax (benefit)/expense relating to origination and reversal of temporary differences	-	-
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Income tax (benefit)/expense reported in income statements

- -

Numerical reconciliation between aggregate tax expense recognised in the income statements and tax expense calculated per the statutory income tax rate

(Loss)/profit from continuing operations before income tax expense	(130,068)	100,713
Prima facie tax on profit/(loss) from continuing operations at 30%	(39,020)	30,214
Expenditure not allowable for income tax purposes	-	-
(Over)/under provision in prior year	-	-
Tax benefits not recognised	(39,020)	30,214

Total income tax expense

- -

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 6 Receivables

	2020	2019
	(in AUD)	(in AUD)
Pre-paid Expenses	8,135	15,768
Rent Deposit	1,553	1,553
Staff Advances	-	10,301
Total receivables	9,688	27,622

Note 7 Furniture & equipment's

Furniture, fittings and equipment's at cost	34,058	1,614
Less: Accumulated depreciation	(29,105)	(1,614)
Total furniture & equipment's closing net book amount	4,953	0

Note 8 Trade payables

Trade Payables	30,169	29,961
Total trade and other payables	30,169	29,961

Note 9 Current tax liabilities

Carrying amount at the beginning of the year	-	-
Plus: Addition	-	-
Less: Paid	-	-
Total tax liabilities	-	-

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 10 Contributed equity

	2020 (in AUD)	2019 (in AUD)
Contributed equity		
Issued and fully paid ordinary shares	865,001	865,001

a) Movements in share capital

Date	Details	Number of Shares	Number of Shares
01-04-2019	Opening balance	865,001	865,001
	Issued During the year		
31-03-2020	Closing balance	865,001	865,001

b) Ordinary shares

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares.

Accordingly the Company does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Note 11 Retained earnings

	2020 (in AUD)	2019 (in AUD)
Balance at the beginning of the financial year	(3,360,760)	(3,461,473)
Net profit/(loss)attributable to members	(130,068)	100,713
Balance at the end of the financial year	(3,490,829)	(3,360,760)

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 12 Segment information

The Company operates primarily in the testing of software is and controlled and domiciled solely in Australia.

Note 13 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk and interest rate risk. The Company's overall risk management program focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company.

Exposure to credit, interest rate and currency risks arise in the normal course of the company's business. The company uses sensitivity analysis to measure the measure the different types of risks to which it are exposed.

The Company's principle financial instruments comprise receivables, payables, investments, borrowings and cash equivalents which arise directly from its operations.

	31st March 2020		31st March 2019	
	Carrying Value (in AUD)	Carrying Value (in AUD)	Carrying Value (in AUD)	Fair Value (in AUD)
<i>Financial assets</i>				
Cash and cash equivalents	110,093	110,093	112,639	112,639
Other receivables	389,913	389,913	568,492	568,492
Total financial assets	500,006	500,006	681,131	681,131
<i>Financial liabilities</i>				
Trade and other payables	30,169	30,169	29,961	29,961
Other	3,110,306	3,110,306	3,174,551	3,174,551
Total financial liabilities	3,140,475	3,140,475	3,204,512	3,204,512
Net financial assets	(2,640,469)	(2,640,469)	(2,523,381)	(2,523,381)

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Fair values

There are no material differences between the fair values and the carrying values of financial assets for the current or prior years.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Trade and other receivables / payables

For receivables/payables are stated at the undiscounted nominal amount.

Note 14 Other Liabilities

Details	2020 (in AUD)	2019 (in AUD)
Salaries payable	119,9876	238,502
Accrued liabilities	46,226	58,585
Statutory liabilities	14,863	49,028
Total Liabilities	181,075	346,115

Note 15 Directors and key management personnel

Details of key management personnel

The Directors of the Company are determined to be the key management personnel (KMP) within the scope of AASB 124: Related Party Disclosures. In addition to the Directors, no other people have been identified, as a KMP.

Directors

The names of the persons who were Directors of the Company at any time during the financial year were as follows:

Martine Dominique Joly	(Appointed on 19 May 2014)
Srikanth Chakkilam	(Appointed on 19 May 2014)
Venkata Subramanyam Chakkilam	(Appointed on 19 May 2014)

There were no changes to key management personnel after the reporting date and to the date the financial report was authorised for issue.

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 16 Related party transactions

All transactions that have occurred with related parties are conducted on an arm's length basis in the normal course of business on commercial terms and conditions. There are no related party transactions for the Year ended 31 March 2020 except what has been noted in the above note 15.

	2020	2019
	(in AUD)	(in AUD)
Due to Affiliates		
Cigniti Technologies Ltd., India – Parent Entity	1,232,811	1,341,212
Cigniti Technologies Inc., USA	1,757,526	1,520,900
Due from Affiliates		
Cigniti Technologies (UK) Ltd., UK	61,107	33,677
Inter Company Balance, net	2,929,230	2,828,435

Note 17 Notes to Cash Flow Statements

	2020	2019
	(in AUD)	(in AUD)
(a) Reconciliation of cash and cash equivalents		

For the purpose of the Cash Flow Statements, cash and cash equivalents includes cash, money at short call & call deposits with other financial institutions.

Cash at bank and on hand	110,093	112,639
Cash and cash equivalents at year end	<u>110,093</u>	<u>112,639</u>

(b) Reconciliation of operating profit after tax to net cash inflows from operating activities

	2020	2019
	(in AUD)	(in AUD)
Net profit/(loss) after income tax	(130,069)	100,713
Non cash movements		
Depreciation	(4,953)	4,299
Changes in assets and liabilities		
Decrease in trade receivables	194,347	7,508
Increase in trade payables	208	27,178
Increase in provisions		
Increase in other assets	2165	(183)
Increase (Decrease) in other liabilities	<u>(165,040)</u>	<u>(109,668)</u>
Net cash outflows from operating activities	<u>(103,341)</u>	<u>(29,847)</u>

Cigniti Technologies (Australia) Pty Ltd
Notes to the financial statements
For the Year ended 31st March 2020

Note 18 Contingent assets, liabilities and commitments

There are no contingent assets, liabilities or commitments as 31st March 2020.

Note 19 Going concern

As of 31st March 2020, the Company has a negative net asset of \$2,625,828, current liability of \$3,140,475 which exceeds the current assets (\$509,694) by \$2,630,781. The parent entity will provide such financial support as the Company require for their continued operations and where necessary, the parent entity and subsidiaries will extend respective loan facilities to enable the Company to trade as a going concern and we will not seek repayment of any funds owed by the Company.

Note 20 Events after the balance date

The company do not foresee any material impact due to the Covid-19 exigency; although it might delay the realizations from the customer.

The Directors of the Company are not aware of any other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs, which are not disclosed elsewhere in this report.

Cigniti Technologies (Australia) Pty Ltd
Directors' Declaration
For the Year ended 31st March 2020

As stated in note 1(c) to the financial statements, in the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet *Corporation Act 2001* requirements.

In accordance with a resolution of the Directors of Cigniti Technologies (Australia) Pty Ltd, I state that in the opinion of the Directors:

- (a) the financial statements and notes set out on pages 7 to 24 are in accordance with the corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31st March 2020 and of its performance for the Year ended on that date; and
 - (ii) complying with the Accounting Standards and Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Dated at India this 29 April 2020



Venkata Subramanyam Chakkilam
Director

INDEPENDENT AUDITOR'S REPORT

To the members of Cigniti Technologies (Australia) Pty Ltd

We have audited the accompanying special purpose financial report of Cigniti Technologies (Australia) Pty Ltd, which comprises the balance sheet as at 31 March 2020, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Cigniti Technologies (Australia) Pty Ltd are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Cigniti Technologies (Australia) Pty Ltd on 29th April 2020, would be in the same terms if provided to the directors as at the date of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (e) in the financial report, which indicates that the Company incurred a net loss of \$130,069 in addition to maintaining negative net asset position of \$2,625,828 whilst company had an operating cash outflow of \$103,341 during the year ended 31st March 2020. As stated in Note 1 (e), these events or conditions, along with other matters as set forth in Note 1 (e), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern especially given the current economic condition. Our opinion is not modified in respect of this matter.


Auditor's Opinion

In our opinion the financial report of Cigniti Technologies (Australia) Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Cigniti Technologies (Australia) Pty Ltd financial position as at 31 March 2020 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 (c) to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporation Act 2001. As a result, financial report may not be suitable for another purpose. However, this financial statement is not materially different to the information which would have been reported under general purpose accounting framework.



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Fiedelis Liguory CA
Auditor
Sydney, 29th April 2020