HBL GROUP

March 31, 2021

APPENDIX II

Summary Memorandum

Group Name:	HBL Group	Period end:	31/03/2021
Component Name:	HBL America, Inc.		

SECTION A

SUMMARY OF AUDIT APPROACH

We were engaged to perform an audit of the March 31, 2021 financial statement accounts of HBL America, Inc. (the Company). We performed our audit in accordance with International Financial Reporting Standards (IFRS). The Company's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America (US GAAP), and it is the Company's responsibility to provide the proper reconciliation of the differences between US GAAP and IFRS. We have audited the reconciliations of the accounts to determine that the Financial Reporting Package is prepared in accordance with IFRS.

The scope of our procedures was not materially altered and there were no scope limitations placed our audit scope or related procedures.

SUMMARY OF ACTUAL FINANCIAL RESULTS

Profit and Loss Statement - Key Figures

	Particulars	Figures for the current reporting period	Figures for the previous reporting period	$ Change	% Change
I	Revenue from Operations	3,094,257	3,847,506	(753,249)	-20%
III	Total Income (I+II)	3,094,257	3,847,506	(753,249)	-20%
IV	**EXPENSES**				
	Purchases of Stock-in-Trade	2,909,243	2,558,868	350,375	14%
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(483,523)	264,012	(747,535)	-283%
	Employee benefit expenses	433,105	482,024	(48,919)	-10%
	Finance costs	1,814	5,495	(3,681)	-67%
	Depreciation and amortization expense	13,123	13,364	(241)	-2%
	Administrative & Selling Expenses	233,696	239,918	(6,222)	-3%
	Total Expenses (IV)	3,107,458	3,563,681	(456,223)	-13%
VI	Exceptional items – (income) / expense	989	-	989	0%
VII	Profit/(loss) before tax (V-VI)	(14,190)	283,825	(298,015)	-105%
VIII	Tax Expense				
	1) Current tax	150	11,258	(11,108)	-99%
	2) Deferred tax	-	-	-	0%
IX	Profit/(loss) for the period	(14,340)	272,567	(286,907)	-105%

Comments

Revenue – There has been an overall decrease in revenue from the previous reporting period. In our analysis of this decrease it was noted that the onset of the initial Coronavirus pandemic lockdowns was a major cause of some customer and project slowdowns. Also, in the two years presented below it was noted that there were numerous customers that purchased from HBLA, Inc. in only one these two years. Some end-user customers buy very infrequently as products have a long life. Distributors and OEMs buy more frequently, but their business levels of the Company's products can vary significantly. A significant difference in the customer makeup year by year, and the resulting volatility in the customer makeup, was noted.

Gross Margin Analysis

Particulars		Figures for the current reporting period		Figures for the previous reporting period
Revenue from Operations		3,094,257		3,847,506
Less: Purchases of Stock-in-Trade		2,908,524		2,558,868
Less: Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		(483,523)		264,012
Gross Operating Margin		669,256		1,024,626
GM %		22%		27%

As shown above, gross margin for the current reporting period is consistent, albeit lower, relative to the previous reporting period. The decrease in the gross margin percentage is a result of the changes in revenue by customer in the current reporting period, relative to the previous reporting period, as indicated in the above analysis of revenue. Other factors contributing to the decrease in gross margin percentage was freight-in costs increased due to full year duty from 2% to 2.8% and there were numerous scrapped lead acid batteries.

Expenses: Overall operating expenses decreased during the current reporting period, compared to the previous reporting period. The primary expense items that decreased are described below.

Payroll & Employee Benefits – There was an overall decrease in payroll & employee benefits from the previous year. It was noted that the Company's response to the Coronavirus pandemic was to reduce salaries by 15% effective with the May 2020 paycheck and full pay was restored with the October 2020 paycheck. Also, there were no employee bonuses paid. In the previous year, employees were provided a 7% bonus as the Company sales target was exceeded, and profit was attained. These factors are the primary reasons for the overall decrease in payroll & employee benefits expenses in the current reporting period.

Travel & Related Expenses – There was an overall decrease in travel and related expenses from the previous year. Due to the Coronavirus pandemic lockdowns, travel and related expenses were reduced significantly.

Rent Expense – There was a modest decrease in rent expense from the previous year. In connection with moving their operation to a new location during the fiscal year, the Company signed a Lease of Premisis agreement dated September 10, 2020. The lease carries a 5-year term and requires the Company to pay an annual base rent plus, under the terms of the triple-net lease, the Company is responsible for a pro-rata portion of the annual operating expenses (including property taxes).

Balance Sheet - Key Figures

	Particulars	Figures as of the end of current reporting period	Figures as of the end of previous reporting period	$ Change	% Change
	ASSETS				
1	Non-Current Assets				
	a) Property, Plant and Equipment	70,777	42,951	27,826	65%
	e) Other Intangible Assets	8,975	8,975	-	0%
	j) other non-current assets (security deposit)	6,230	9,869	(3,639)	-37%
		85,982	61,795	24,187	39%
2	Current Assets				
	a) Inventories	817,277	333,754	483,523	145%
	ii) Trade receivables	572,492	877,437	(304,945)	-35%
	iii) Cash and cash equivalents	77,667	89,883	(12,216)	-14%
	vi) Others (to be specified)	25,121	22,029	3,092	14%
	d) other current assets	1,846	4,394	(2,548)	-58%
		1,494,403	1,327,497	166,906	13%
	Total Assets	1,580,385	1,389,292	191,093	14%
	EQUITY AND LIABILITIES				
	Equity				
	a) Equity Share Capital	600,000	600,000	-	0%
	b) Other Equity	(1,294,929)	(1,280,589)	(14,340)	-1%
		(694,929)	(680,589)	(14,340)	-2%
	LIABILITIES				
1	Non-current Liabilities				
	i) Borrowings	56,854	89,189	(32,335)	-36%
	Total Non-Current Liabilities	56,854	89,189	(32,335)	-36%
2	Current Liabilities				
	i) Borrowings	55,066	54,049	1,017	2%
	ii) Trade Payables	2,088,625	1,827,395	261,230	14%
	iii) Other financial liabilities (other than those specified in item (c), to be specified)	53,835	78,811	(24,976)	-32%
	b) Other Current liabilities	20,934	20,437	497	2%
	Total Current Liabilities	2,218,460	1,980,692	237,768	12%
	Total Equity and Liabilities	1,580,385	1,389,292	191,093	14%

Comments

The following is a brief analytical review of the balance sheet to provide explanation of significant changes in figures reported for the current reporting period from figures reported in the previous reporting period.

Property & Equipment – The Company purchased approximately $41,937 in additions during the current reporting period and disposed of assets with a net book value of $988. The depreciation allowance for the period was $13,123.

Prepaid Expenses & Other Assets – There is no significant variance in the balances in these accounts from the previous reporting period. Other intangible assets of $8,975 represents the cost of purchasing a private label program, similar to a trademark or logo.

Inventory – There was an overall increase in inventory of $483,523, or 145% in fiscal 2021. The Company experienced an increase in its order backlog and much of the increase in inventory is due to inventory in transit, thus contributing to the overall increase in inventory. An analysis of inventory turns during the current reporting period indicated that inventory turned approximately 4 times. This was slightly lower than in the previous reporting period and is consistent with both the level of decrease in revenue, and the decrease in gross margin.

Trade Receivables – There was an overall decrease in trade receivables of $304,945, or -35% in fiscal 2021. It was noted in fiscal 2021 that the Company monitors the accounts closely and based upon experience does not expect any significant credit losses to result from these balances.

Cash – There was a decrease in cash of $12,216, or -14%, in fiscal 2021. The cash balance ordinarily fluctuates from one reporting period to the next due to various operational factors. Cash is monitored and reconciled daily in order to ensure that the Company can meet its operating needs.

Other Assets - These assets represent short-term prepaid expenses, the largest being prepaid insurance. Other prepaid expenses include prepaid dues and subscriptions as well as prepaid medical (for employees). There were no significant variances in the balances in these accounts from the previous reporting period.

Other Current Assets – This balance represents expenses expected to be reimbursed by the parent company. The amount shown at the end of the current reporting period was confirmed on an inter-company confirmation. This amount does not represent trade receivables and as such has not been classified therein.

Equity – The equity decreased due to the current year net loss.

Borrowings – The total borrowings decreased by $31,318 due to principal payments on the existing note payable to the lender. There were no new borrowings noted during the current reporting period.

Trade Payables – Trade payables are comprised of the following amounts:

		Figures as of the end of current reporting period		Figures as of the end of previous reporting period	$ Change	% Change
Trade Payables		76,824		32,432	44,392	137%
Intercompany Payables		1,840,995		1,696,628	144,367	9%
Accrued Intercompany Payables		154,888		85,847	69,041	81%
Credit Card Payables		15,918		12,488	3,430	28%
Total		**2,088,625**		**1,827,395**	**261,230**	**15%**

As noted above, trade payables have increased due to an increase in inventory vendor purchases in the current reporting period. Four employees maintain a credit card, which is used for travel expenses, trade shows, etc.

The intercompany balance increased during fiscal 2021 due to a decrease in inventory vendor purchases. The Company has the intention of paying the parent company for these intercompany balances once the Company is able to achieve and sustain profitability.

Other Financial Liabilities – Accrued expenses decreased from the previous reporting period. There were no bonuses accrued in the current reporting period while in the prior reporting period there were employee bonuses accrued.

Other Current Liabilities – This account represents cash paid in advance from customers In the prior reporting period this account also included accrued income taxes. The increase of $497 is due to an increase in customer advances of $11,355 and a decrease in accrued taxes of $10,858.

Off-Balance Sheet Commitments – Contingencies

We are unaware of any off-balance sheet commitments.

ACCOUNTING AND AUDITING MATTERS

Revenue Recognition

- The Company recognizes revenues from sales when the product is shipped and title and risk of loss have transferred to the customer. Payments received in advance of revenue recognition are classified as liabilities on the balance sheet.
- In addition to our testing of accounts receivable, we performed analytical procedures related to revenue, and noted no findings.

Cash in Banks

- We viewed the third-party bank statement, noted no reconciling items at March 31, 2021, and noted no findings. The cash balance appears reasonable at March 31, 2021

Accounts Receivable

- Through our selection of balances we tested 81% of accounts receivable via balance confirmation testing. We received all but one of the confirmations back from the customers, and performed alternate procedures on those balances where confirmations were not received. There were no findings noted.
- The Company monitors outstanding customer balances on a regular basis and evaluates the collectibility of outstanding receivables. As of March 31, 2021 the Company considers all of its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. We performed a review for doubtful accounts as of March 31, 2021 and noted no items at risk for non-collection.

Inventory

- Inventory is valued at the lower of cost, using an average costing method, or net realizable value.
- We attended the Company's physical inventory count on April 1, 2021. There was no movement of inventory items noted from March 31, 2021 to April 1, 2021. We performed "sheet to floor" counts and "floor to sheet" counts on seleted inventory items noting no findings. As the battaries have a shelf-life of several years, there were no obsolete inventory items noted.
- Using the physical inventory summary, we tested the clerical accuracy of the summary, agreed the balance to the general ledger, traced the test counts recorded during the physical inventory to the physical inventory summary, and noted no findings.
- We performed analytical procedures to the inventory and compared the results to both prior periods, and expected results. An analysis of inventory turns during the current reporting period indicated that inventory turned approximately 4 times. This was slightly lower than in the previous reporting period, and is consistent with the level of decrease in revenue, the decrease in gross margin, and within expectations.

Accounts Payable / Accrued Expenses / Expenses

- We performed a search for unrecorded liabiities to establish proper expense cutoff and noted no findings. Expenses appear to be recorded in the proper reporting period.
- There were no findings noted during our review of accrued expenses.

Intercompany Accounts

- The Company reported intercompany balances of $1,846 DUE FROM the parent company and $1,995,883 PAYABLE TO the parent company at March 31, 2021. We confirmed the above intercompany account balances with the parent company and noted no findings.

Long Term Debt

- We reviewed the note payable to DECD, including the table of amortization, to ensure the balance and future obligations appeared reasonable and we performed an interest reasonableness test, noting no findings.

SUMMARY OF SIGNIFICANT RISKS IDENTIFIED

Management Override of Controls

- During the conduct of our audit, we did not note any override of accounting controls.

Segregation of Duties

- Due to the size of the Company, and few employees, there is limited segregation of duties. However, it appears that compensating controls exist.

Revenue

- The risk of improper transactions due to fraud and/or due to improper cut-off was considered. With reference to the explanatory material contained in the relevant area(s) of the preceding Accounting and Auditing Matters section, there were no findings noted.

Inventory

- The risk of improper cost of goods sold classification, improper cut-off and improper valuation was considered. With reference to the explanatory material contained in the relevant area(s) of the preceding Accounting and Auditing Matters section, there were no findings noted.

Accounts Payable / Expenses

- Completeness and cut-off risk were considered. With reference to the explanatory material contained in the relevant area(s) of the preceding Accounting and Auditing Matters section, there were no findings noted.

ISSUES RELATING TO FRAUD AND COMPLIANCE WITH LAWS AND REGULATIONS

As part of our audit we performed inquiries of key management personnel as well as other staff members of the Company who are directly or indirectly involved with financial reporting and the recording of finacial transactions. We note no matters addressed with Company personnel that indicate any known, suspected or alleged fraud or illegal acts. Our audit procedures did not bring light to any irregular transactions which we could include in such an assessment. In addition, we considered the following fraud risks during our audit procedures:

Specific items to look for which may indicate the potential for fraud are:

- Unsupported accounting transactions – none noted
- Unusual transactions or transactions conducted on unusual terms – none noted
- Items that are not consistent with expectations – none noted
- Management overrides – none noted
- Aggressive application of accounting standards – none noted
- Poor segregation of duties – The Company's structure does require substantially all financial reporting obligations with the President and his staff

Finally, we are not aware of any matters of non-compliance with laws or regulations by the Company that could have a material adverse impact on the Company.

ISSUES RELATING TO INVESTMENTS, GUARANTEE OR SECURITY OR ANY LOANS OR ADVANCES IN THE NATURE OF LOANS

The Company has no investments, guarantee or security or any loans or advances in the nature of loans, as of and for the fiscal years ended 3/31/21 and 3/31/20, respectively.

SUMMARY OF COMPLIANCE AND PAYMENT OF STATUTORY DUES

The Company regularly pays and/or deposits all federal, state and local taxes (including employee payroll withholding taxes and other dues and assessments) to the appropriate taxing authorities and jurisdictions. There were no federal, state or local taxes (including employee payroll withholding taxes or other dues or assessments) outstanding, other than the normal accruals in the ordinary course of business, nor were any in dispute as of March 31, 2021 and March 31, 2020, respectively.

SUMMARY OF GOING CONCERN REVIEW INCLUDING CONCLUSION

Based on our audit results, including confirmed support from the parent company and evaluating the information and representations made to us by Company management, we do not consider the Company a going concern risk.

SUBSEQUENT EVENTS (Please see Section B-2)

Subsequent events assertion

Name(s) of Component(s):	HBL Amercia, Inc.
Reporting Currency:	USD
Year Ended:	March 31, 2021

We have performed, to the date of this memorandum, the attached Subsequent Events Review and other audit procedures covering transactions, operations and corporate (Board and Audit Committee) meeting minutes from the date of our conclusion and Final Summary Memorandum.

In the course of performing those procedures, no material subsequent events or transactions have come to our attention or adjustments have been discovered that should be considered by you, based on the component materiality, in reporting on the group financial statements of HBL Group for the year ended March 31, 2021. Additionally, the opinion expressed by us in the Auditor's Report requires no change or update as of today's date.

Partner in charge of the component engagement:

Signature: Dino P. Iavecchia, CPA Date: **April 30, 2021**

Name: **Iavecchia & Associates, CPA, LLC** Country/Office: **Rocky Hill, CT, USA**

RELATED PARTIES

We note that Company maintains transactions with its parent and we have identified all such intercompany accounts. We have confirmed with the parent company that such amounts agreed to the related party accounting records.

SIGNIFICANT MATTERS FOR COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE AND/OR MANAGEMENT OF THE GROUP

Significant Estimates

During our audit we noted no significant matters related to financial accounting and reporting estimates made by management.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected or Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. During our audit we noted no misstatements to communicate to mangement.

Disagreements with Management

A disagreement with management is a financial accounting, reporting or auditing matter whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Consultations with other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting & auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all of the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We typically discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

OTHER MATTERS OF SIGNIFICANCE TO THE GROUP

Such matters may include but are not limited to the following:

- *Possible restatement for correction of an error affecting revenue, net income, or net equity*

  We did not note any possible restatements for correction of an error that would affect revenue, net income or equity.

- *Disagreements or differences in professional judgment among the engagement team members*

  We note no disagreements or differences in professional judgement among the engagement team members.

- *Matters relating to litigation and claims*

  We did not note any matters relating to litigation and claims.

SCOPE ASSESSMENT

Materiality for the engagement based on Group Instructions:

	PM:	TE:	SAD Posting
Year Ended: March 31, 2021	**USD $31,000**	**USD $23,250**	**USD $3,000**

The scope of our audit procedures performed and the evidence obtained was appropriate and sufficient to support our opinion, based on the materiality level established by you.

OVERALL EVALUATION OF MISSTATEMENTS

We noted no misstatements as a result of our audit procedures.

Overall conclusion reached in our evaluation of misstatements, including disclosure deficiencies:

The unadjusted misstatements, including disclosure deficiencies, are immaterial, based on the materiality level established by you. We believe that the reporting package is not materially misstated.

April 30, 2021

Dino P. Iavecchia, CPA

Iavecchia & Associates, CPA, LLC
Rocky Hill, CT, USA

SECTION-B

B-1 Representation letters

Please include following minimum points in your representation letter from component management and attach your Summary of identified misstatements to the representation letter. Your representation letter covers the period from April 1, 2020 till the date of signing of your Auditor's report.

The following are the minimum representation to be taken from component management:

- Availability of information
- Contingent liabilities
- Accounting estimates and related disclosures
- Litigations and claims
- Related parties
- Laws and regulations
- Subsequent events
- Fraud
- Going concern
- Uncorrected misstatements (being below materiality threshhold)
- Compliance of the provisions of Applicable Law, Regulations etc.
- Correct Opening balances

We confirm that we have obtained a Management Representation letter, which includes all of the representations indicated above, and we hereby provide the letter together with the reporting package.

B-2 Subsequent events procedures

You are required to perform subsequent events procedures i.e. significant events/adjustments post Balance Sheet date till the date of signing of Auditor's Report. The subsequent events procedures should include the following procedures:

- Whether there have been any business combinations, acquisitions of significant assets, disposals of significant assets, or extraordinary, unusual, or infrequently occurring transactions.
- Whether any significant contingent liabilities or commitmnts have arisen.
- Whether any significant changes have occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary, or inconclusive data.
- Whether any significant unusual or non-recurring adjustments have been recorded.
- Whether there are any changes to existing litigation or new litigations
- Whether there are any changes in internal control or in the accounting systems.
- Read minutes of meetings – Board of Directors, Audit Committee or any other Committee of the Board

We have completed a Subsequent Events Review, which includes all of the procedures indicated above, and we hereby provide the review together with the reporting package.

SECTION C

Accounting Standard Developments

1. Ind AS 115

IFRS 15 and ASC 606, under US GAAP on Revenue from Contracts with Customers applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018.
To align with the revised effective date, January 1, 2018, of IFRS 15, the Ministry of Corporate Affairs, Government of India, (MCA), on March 28, 2018, notified (again) Ind AS 115, Revenue from Contracts with Customers as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. With the Ind AS 115 effective for accounting periods beginning on or after April 1, 2018.

Differences between IndAS 115 & IFRS 15

- As per paragraph of 15 of IFRS 15, an amount of consideration, among other things, can vary because of penalties. However, paragraph 51 of Ind AS 115 has been amended to exclude 'penalties' from the list of examples given in the paragraph 51 due to which an amount of consideration can vary. However, paragraph 51AA has been inserted to explain the accounting treatment of 'penalties'.
- Paragraph 109AA has been inserted to require an entity to present separately the amount of excise duty included in the revenue recognised in the statement of profit and loss.
- Paragraph 126AA has been inserted to present reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price specifying the nature and amount of each such adjustment separately.
- In Appendix C – Application Guidance, paragraph B20AA has been inserted to explain the accounting treatment in case of transfers of control of a product to a customer with an unconditional right of return.

EXCERPTS FROM IndAS 115

The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

An entity shall apply this Standard to all contracts with customers, except the following:
(a) Ind AS 17, Leases;
(b) Ind AS 104, Insurance Contracts;

(c) Ind AS 109, Financial Instruments, Ind AS 110, Consolidated Financial Statements, Ind AS 111, Joint Arrangements, Ind AS 27, Separate Financial Statements and Ind AS 28, Investments in Associates and Joint Ventures; and
(d) non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

Combination of contracts

17 An entity shall combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

(a) the contracts are negotiated as a package with a single commercial objective;
(b) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
(c) the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation in accordance with paragraphs 22–30

Identifying performance obligations

At contract inception, an entity shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or (constructing, manufacturing or developing an asset on behalf of a customer)
(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (see paragraph 23).

Satisfaction of performance obligations

31 An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.
(Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.)

Performance obligations satisfied over time

35 An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs (see paragraphs B3–B4);
(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced (see paragraph B5); or
(c) the entity's performance does not create an asset with an alternative use to the entity (see paragraph 36) and the entity has an enforceable right to payment for performance completed to date (see paragraph 37).

Measuring progress towards complete satisfaction of a performance obligation

39 For each performance obligation satisfied over time in accordance with paragraphs 35– 37, an entity shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer (ie the satisfaction of an entity's performance obligation).

Methods for measuring progress

41 Appropriate methods of measuring progress include output methods and input methods. Paragraphs B14–B19 provide guidance for using output methods and input methods to measure an entity's progress towards complete satisfaction of a performance obligation.

Output methods

B15 Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed and units produced or units delivered

Input methods

B18 Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation. If the entity's efforts or inputs are expended evenly throughout the performance period, it may be appropriate for the entity to recognise revenue on a straight-line basis.

Disclosure formats for Consolidation

a) In summary, the impact on the Company's retained earnings as at April 01, 2020 is as follows:	
Movement in retained earnings	**USD**
Retained earnings - (Opening as on April 01, 2020)	$ (1,280,589)
Re-measurement of contract asset (Fair value of consideration)	
Re-statement of contract liability (Discounting of deferred liabilities)	
Increase in deferred tax assets (Net)	
Adjustment to retained earnings from adoption of IFRS 15/ASC 606	

The Company has not had any transactions that would require adjustment under the provisions of IFRS 15. Therefore, no adjustment to opening retained earnings in Table A is necessary.

b) Movement in impairment provisions

(None) USD

Provision movement	2020-21			2019-20		
	Trade receivables	Contract assets	Contract Laibilites	Trade receivables	Contract assets	Contract Laibilites
Opening balance						
Add: Additions						
Less: Write off						
Less: Reversal						
Closing balance						

Note:

Trade receivables (unconditional right to consideration) such as Collectible Debts and others.

Contracts assets (conditional right to consideration) such as Unbilled revenue (Deferred Debts, Unbilled PVC), Valuation Adjustment (debit balance).

Contract liabilities (Advance received from customers, Valuation adjustment – credit balance).

c) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major segment product and geographical regions:

Particulars	Battery		Electronics		Total
	Within India	Outside India	Within India	Outside India	
2020-21					USD
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time (product/ services)		$3,094,257			$3,094,257
(b) Over time (construction contracts)					
2019-20					
Revenue from customers					
Timing of revenue recognition					
(a)At a point in time (product/ services)		$3,847,506			$3,847,506
(b)Over time (construction contracts)					

Particulars	2020-21		2019-20		
	Battery	Electronics	Battery	Electronics	
Revenue from customers				USD	
Revenue from Customers	$2,427,787		$3,531,960		
Railways	$666,470		$315,546		
Telecom					

(Any other category that may be significant can be added as a seperte line item)

d) Contract Balances

The following table provides information about trade receivables, contracts assets, and contract liabilities from contracts with customers.

USD

Particulars	As on March 31, 2021	As on March 31, 2020
Receivables	$572,492	$877,437
Contract assets		
Contract liabilities	$20,934	$9,579

Note : The above figures shall be net of provisions

e) Contract revenue recognised (NONE) USD

Particulars	2020-21	2019-20
Revenue recognised against contract liabilities (adjustment of customer advances and valuation adjustment during the year)		
Revenue recognised against performance obligation satisfied in previous year (impact due to change in contract revenue)		

2. Ind AS 116

Ind AS 116/IFRS 16 represents the first major overhaul of lease accounting in over three decades. The IASB has long considered the existing split between operating and finance leases as problematic as it has resulted in too much structuring and off-balance sheet financing. Therefore, Ind AS 116/ IFRS 16 has done away with this distinction, requiring the accounting of all leases to be 'on-balance sheet' for lessees.

Comparison of IndAs 116 with IFRS 16, Leases

1. With regard to subsequent measurement, paragraph 34 of IFRS 16 provides that if lessee applies fair value model in IAS 40 to its investment property, it shall apply that fair value model to the right-of-use assets that meet the definition of investment property. Since Ind AS 40, Investment Property, does not allow the use of fair value model, paragraph 34 has been deleted in Ind AS 116. Accordingly, reference to paragraph 34 has been deleted in paragraph 29. Paragraph C9(b) and paragraph C9(c) of Appendix C, Effective Date and Transition, given in context of fair value model of investment property have been deleted. However, paragraph numbers have been retained in Ind AS 116 to maintain consistency with paragraph numbers of IFRS 16.

2. Paragraph 50(b) of IFRS 16 requires to classify cash payments for interest portion of lease liability applying requirements of IAS 7, Statement of Cash Flows. IAS 7 provides option of treating interest paid as operating or financing activity. However, Ind AS 7 requires interest paid to be treated as financing activity only. Accordingly, paragraph 50(b) has been modified in Ind AS 116 to specify that cash payments for interest portion of lease liability will be classified as financing activities applying Ind AS 7.

3. Different terminology is used in this standard, eg, the term 'balance sheet' is used instead of 'Statement of financial position' and 'Statement of profit and loss' is used instead of 'Statement of comprehensive income'.

4. Paragraph C20 of Appendix C, Effective Date and Transition, dealing with interchange of reference of IFRS 9 to IAS 39 if entity does not apply IFRS 9 has been deleted since India has early adopted Ind AS 109, corresponding to IFRS 9.

EXCERPTS FROM IndAS 116

I Identification of Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

II Scope Exclusions & Initial Application Expedients

a. A lessee may elect not to apply the requirements in paragraphs 22–49 to:
(a) short-term leases; and
(b) leases for which the underlying asset is of low value (as described in paragraphs B3–B8).

b. a lessee may elect not to apply the requirements in paragraph C8 to leases for which the lease term ends within 12 months of the date of initial application. In this case, a lessee shall:
(i) account for those leases in the same way as short-term leases as described in paragraph 6; and

(ii) include the cost associated with those leases within the disclosure of shortterm lease expense in the annual reporting period that includes the date of initial application.

c. An underlying asset can be of low value only if:

(a) the lessee can benefit from use of the underlying asset on its own or together with other resources that are readily available to the lessee; and
(b) the underlying asset is not highly dependent on, or highly interrelated with, other assets

Leases of low-value assets qualify for the accounting treatment in paragraph 6 regardless of whether those leases are material to the lessee. The assessment is not affected by the size, nature or circumstances of the lessee

A lessee shall assess the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased

d. As a practical expedient, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the entity is permitted:
(a) to apply this Standard to contracts that were previously identified as leases applying Ind AS 17, Leases. The entity shall apply the transition requirements in paragraphs C5–C18 to those leases.

(b) not to apply this Standard to contracts that were not previously identified as containing a lease applying Ind AS 17.

Lease of Premisis

In connection with moving their operation to a new location during the fiscal year, the Company signed a Lease of Premisis agreement dated September 10, 2020. The lease carries a 5-year term and requires the Company to pay an annual base rent plus, under the terms of the triple-net lease, the Company is responsible for a pro-rata portion of the annual operating expenses (including property taxes). The premisis consists of approximately 6,000 square feet of combined office and warehouse space located at 169 Progress Drive – Suite B, Manchester, Connecticut, USA.

The Company has not yet adopted IFRS 16 for financial reporting purposes. Accordingly, these financial statements do not reflect an asset (or related depreciation expense) for the fair market value of the right-of-use asset (premesis), nor do they reflect a corresponding liability (or related interest expense) for the liability for the present value of the future payments due (lease liability). Instead, the Company records rent expense monthly, in an amount equal to the amount of rent due and payable under the terms of the lease.

Total rent expense for the current reporting period, and the prior reporting period, are shown below.

Fiscal Year Ending	Rent Expense
March 31, 2021	$ 101,356
March 31, 2020	$ 106,146

HBL America, Inc.
Financial Reporting Package as of 3.31.21
Prepared by client

Purpose of the workbook:	The client prepared this Financial Reporting Package subsequent to audit adjustments proposed and agreed upon. Iavecchia & Associates, CPA, LLC agreed final audited balances reported by client to final audited trial balance.
Conclusion:	Balances reported by client appear materially correct.
Signature:	Dino P. Iavecchia, CPA
Firm Name:	**Iavecchia & Associates, CPA, LLC**

BALANCE SHEET

Name of Company: **HBL America, Inc.**
Balance Sheet as of: **March 31, 2021** **in US Dollars**

	Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	1	2	3	4
	ASSETS			
1	Non-Current Assets			
	a) Property, Plant and Equipment		70,777	42,951
	b) Capital - work-in-progress			
	c) Investment Property			
	d) Goodwill			
	e) Other Intangible Assets		8,975	8,975
	f) Intangible Assets under development			
	g) Biological Assets other bearer plants			
	h) Financial Assets			
	i) Investments			
	ii) Trade receivablles			
	iii) Loans			
	iv) Others (to be specified)			
	i) Deferred tax assets (net)			
	j) other non-current assets (security deposit)		6,230	9,869
			85,982	61,795
2	Current Assets			
	a) Inventories		817,277	333,754
	b) Financial Assets			
	i) Investments			
	ii) Trade receivables		572,492	877,437
	iii) Cash and cash equivalents		77,667	89,883
	iv) Bank balances other than (iii) above			
	v) Loans			
	vi) Others (to be specified)		25,121	22,029
	c) Current Tax Assets (net)			
	d) other current assets		1,846	4,394
			1,494,403	1,327,497
	Total Assets		1,580,385	1,389,292
	EQUITY AND LIABILITIES			
	Equity			
	a) Equity Share Capital		600,000	600,000
	b) Other Equity		(1,294,929)	(1,280,589)
			(694,929)	(680,589)

	LIABILITIES			
1	Non-current Liabilities			
	a) Financial Liabilities			
	i) Borrowings		56,854	89,189
	ii) Trade Payables			
	iii) Other financial liabiliites (other than those specified in item (b), to be specified)			
	b) Provisions			
	c) Deferred Tax liabilities (net)			
	d) Other non-current liabilities			
	Total Non-Current Liabilities		56,854	89,189
2	Current Liabilities			
	a) Financial Liabilities			
	i) Borrowings		55,066	54,049
	ii) Trade Payables		2,088,625	1,827,395
	iii) Other financial liabiliites (other than those specified in item (c), to be specified)		53,835	78,811
	b) Other Current liabilities		20,934	9,579
	c) Provisions			
	d) Current Tax liabilities (net)		-	10,858
	Total Current Liabilities		2,218,460	1,980,692
	Total Equity and Liabilities		1,580,385	1,389,292

STATEMENT OF PROFIT AND LOSS

Name of Company: **HBL America, Inc.**
For the Fiscal Year Ended: **March 31, 2021** **in US Dollars**

	Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
I	Revenue from Operations		3,094,257	3,847,506
II	Other Income			
III	Total Income (I+II)		3,094,257	3,847,506
IV	**EXPENSES**			
	Cost of material consumed			
	Purchases of Stock-in-Trade		2,909,243	2,558,868
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		(483,523)	264,012
	Employee benefit expenses		433,105	482,024
	Finance costs		1,814	5,495
	Depreciation and amortisation expense		13,123	13,364
	Administrative & Selling Expenses		233,696	239,918
	Total Expenses (IV)		3,107,458	3,563,681
V	Profit/(loss) before exceptional items and tax (III-IV)		(13,201)	283,825
VI	Exceptional items - (income) / expense		989	-
VII	Proift/(loss) before tax (V-VI)		(14,190)	283,825
VIII	Tax Expense			
	1) Current tax		150	11,258
	2) Deferred tax			
			150	11,258
IX	Profit/(loss) for the period from continuing operations (V		(14,340)	272,567
X	Profit/(loss) from discontinued operations			
XI	Tax expense of discontinued operations			
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)			
XIII	Profit/(loss) for the period (IX+XII)		(14,340)	272,567
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss			

	(ii) Income tax relating to items that will not be reclassified to profit or loss					
	B (i) Items that will be reclassified to profit or loss					
	(ii) Income tax relating to items that will be reclassified to profit or loss					
				-		-
XV	Total Comprehensive income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)			(14,340)		272,567
XVI	Earnings per equity share (for continuing operation):					
	(1) Basic			(0.02)		0.45
	(2) Diluted			(0.02)		0.45
XVII	Earnings per equity share (for discontinued operation):					
	(1) Basic			-		-
	(2) Diluted			-		-
XVIII	Earnings per equity share (for discontinued and continuing operations):					
	(1) Basic			(0.02)		0.45
	(2) Diluted			(0.02)		0.45

Name of Company: HBL America, Inc.
Balance Sheet as of: March 31, 2021

MARK 'X' WHERE SCHEDULE IS PRESENT

BALANCE SHEET	IAS BS 1.0	X
FIXED ASSETS	2.0	X
INTANGIBLES	2.1	X
Construction in progress	2.2	N/A
Others (Long-term prepaid assets)	2.3	N/A
INVENTORIES	3.0	X
TRADE AND OTHER RECEIVABLES	4.0	X
CASH AND BANK BALANCES	5.0	X
INTERCOMPANY INDEBTEDNESS	6.0	X
Due to/from related companies	6.0	X
Due to/from associated companies	6.0	X
BORROWINGS	7.0	X
Bank Loans	7.1	N/A
Finance Leases	7.2	N/A
OTHER CREDITORS	8.0	X
TAXATION	9.0	X
CONTINGENT LIABILITIES	10.0	N/A
OPERATING LEASE COMMITMENTS	11.0	X
OTHER DISCLOSURES	12.0	X

PROPERTY PLANT & EQUIPMENT

Name of Company: HBL America, Inc.
For the Fiscal Year Ended: March 31, 2021 **in US Dollars**

	3/31/2020	Additions	Disposals	Transfers	3/31/2021
Assets:					
Fixed Assets:					
Computer Equipment	18,438	11,289	(1,890)		27,837
Leasehold Improvements	16,681	9,760	(14,715)		11,726
Machinery & Equipment	102,903	18,888	(3,429)		118,362
Furniture & Fixtures	13,828	2,000	(443)		15,385
Software	8,478	-	(5,917)		2,561
Capital Leases					
Total	160,328	41,937	(26,394)	-	175,871
A/D:					
Fixed Assets:					
Computer Equipment	(18,057)	(1,146)	1,890		(17,313)
Leasehold Improvements	(15,534)	(336)	14,715		(1,155)
Machinery & Equipment	(62,294)	(11,155)	2,531		(70,918)
Furniture & Fixtures	(14,132)	(486)	352		(14,266)
Software	(7,360)	-	5,917		(1,443)
Capital Leases					
Total	(117,377)	(13,123)	25,405	-	(105,095)
Rounding Adjustment	-	-	-	-	1
NET	**42,951**	**28,814**	**-**	**-**	**70,777**

>> To IAS BS 1.0

Explanatory notes:

Equipment and leasehold improvements are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from 4 to 7 years. Cost and accumulated depreciation of assets sold or disposed of are removed from the respective accounts and any gain or loss is reflected in income. Major improvements and betterments are capitalized. Maintenance and repairs are charged against income in the year incurred.

INTANGIBLE ASSETS

Name of Company: HBL America, Inc.
As of Date: March 31, 2021

in US Dollars

	USEFUL LIFE (%)	Goodwill	PRE-OPERATING EXPENSES	DEFERRED DEVELOPMENT EXPENSES	OTHERS (Software)	OTHERS (Describe as appropriate)	TOTAL
Cost / Valuation							
Balance at 3/31/20	Indefiinite	-	-	-	-	8,975	8,975
Additions		-	-	-	-	-	-
Disposal		-	-	-	-	-	-
Balance at 3/31/21	Indefiinite	-	-	-	-	8,975	8,975
Amortisation							
Balance as at 3/31/20		-	-	-	-	-	-
Additions		-	-	-	-	-	-
Disposal		-	-	-	-	-	-
Balance as at 3/31/21		-	-	-	-	-	-
Net carrying value							
At beginning of year		-	-	-	-	8,975	8,975
At end of year		-	-	-	-	8,975	8,975

Explanatory notes:

The Company capitalized the cost of purchasing a private label program with its supplier. The value of the asset is evaluated annually to determine whether the amount reflected on the balance sheet as an asset has been impaired. No impairment has been reflected as of March 31, 2021 and 2020.

Name of Company: HBL America, Inc.
As of Date: March 31, 2021

in US Dollars

	Raw materials	WIP	Finished goods	Totals
	US$	US$	US$	US$
Stated at cost	-	-	817,277	817,277
Stated at NRV	-	-	-	-
				-
Gross	-	-	817,277	817,277
Provision	-	-	-	-
Net Inventory	-	-	817,277	817,277

Explanatory notes:
Inventory is valued at lower of cost, using an average costing method, or net realizable value. The inventory consists of batteries and accessories available for sale.

TRADE DEBTORS

Name of Company: HBL America, Inc.
As of Date: March 31, 2021 **in US Dollars**

TRADE DEBTORS	AMOUNT (US$)	Impairment (US$)	NET (US$)	%	REMARKS
External (no InterCompany)					
Not past due	516,036		516,036	90.14%	
Past due 0 - 30 days	64,417		64,417	11.25%	
Past due 31 - 60 days	(3,183)		(3,183)	-0.56%	
Past due 61 - 90 days	-		-	0.00%	
More than 90 days	(4,778)		(4,778)	-0.83%	
	572,492	-	572,492	100.0%	

Impairment movement:

Opening balance	-
Additions	-
Provision no longer required	-
Bad debts written off	-
Closing balance	-

Explanatory notes:
Accounts receivable represent trade receivables that result when the Company has invoiced a customer and the Company has not yet received payment. The Company presents accounts receivable net of an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is estimated based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are charged against the allowance (written-off) when substantially all collection efforts cease. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance being recognized in the period in which the change occurs. As of March 31, 2021 the Company considers all of its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been established.

CASH IN BANKS

Name of Company: **HBL America, Inc.**
As of Date: **March 31, 2021** **in US Dollars**

NAME OF BANKS	AMOUNT	REMARKS
	US$	
Short term deposits		
Cash in banks	77,667	
Cash and cash equivalents	77,667	
Less: Deposits pledged (if any, other than the restricted cash held in trust)	-	
Less: Restricted Cash	-	
Cash and cash equivalents	77,667	

Explanatory Notes:
The Company considers all cash accounts which are not subject to withdrawal restrictions or early withdrawal penalties, and all highly liquid debt instruments purchased with a maturity of three months or less, as cash and cash equivalents.

Concentration of Credit Risk – The Company maintains cash deposits in banks that at times exceed federally insured deposit limits. The Company has not suffered any losses as a result of this concentration, and believes their cash deposits are not subject to significant credit risk.

INTERCOMPANY INDEBTEDNESS

Name of Company: HBL America, Inc.
As of Date: March 31, 2021

in US Dollars

RELATED COMPANIES	DUE FROM (USD)	PROVISION (USD)	TOTAL (USD)	DUE TO (USD)	REMARKS
A/R Interco - HBLPSL	-	-	-	-	
Recapture Expense from HBLI	1,846	-	1,846	-	
Accounts Payable Interco	-	-	-	(1,840,995)	
Accrued Interco AP	-	-	-	(154,888)	
	1,846	-	1,846	(1,995,883)	

Reconciliation to Trade Payables		
Trade Payables		(76,824)
Credit Card Payable and Other Payables		(15,918)
	*Total Trade Payables	**(2,088,625)**

Explanatory Notes:
None.

BORROWINGS

Name of Company: HBL America, Inc.
As of Date: March 31, 2021

in US Dollars

	DUE W/I 12 MTHS	DUE AFTER 12 MTHS	TOTAL	REMARKS
Borrowings				
DECD Note Payable	55,065	56,854	111,919	
Others - N/A	-	-	-	
Others - N/A	-	-	-	
Others - N/A	-	-	-	
	55,065	56,854	-	

Anticipated future minimum payments on the loan from the DECD, are as follows for the years ended March 31:

2022	55,065
2023	56,854
Total	111,919

Explanatory notes:
On August 23, 2012, the Company entered into a note agreement (the Note) with the State of Connecticut, Department of Economic and Community Development in the amount of $400,000. The Note bears an interest rate of 2%, however was increased to 3.2% for the month of March 2018 due to the Company's failure to meet employement requirements in the state of CT under the terms of the loan. The Note is paid down in equal monthly installments totaling $4,688, and matures on October 1, 2022. The Note is secured by the assets of the Company.

OTHER CREDITORS & ACCRUALS

Company Name: HBL America, Inc.
As of Date: March 31, 2021

in US Dollars

	AMOUNT (USD)	REMARKS
Accrued Professional Fees	15,050	
Accrued Payroll & Related Expenses	38,785	
Accrued AP	-	
	53,835	
Payable Due to Customers	20,934	
	74,769	

Explanatory Notes:
None.

DEFERRED TAXATION / TAX EXPENSE

Name of Company: HBL America, Inc.
For the Fiscal Year Ended: March 31, 2021

The major components of tax expense (income) consists of the following at March 31:

	2021	2020
Current tax expense	$ 150.00	$ 11,258.00
Deferred tax expense relating to the origination and reversal of temporary differences	-	-
Total	$ 150.00	$ 11,258.00

Reconciliation of effective tax rate:

The U.S. federal statutory income tax rate and the Company's effective income tax rate for the fiscal years ending March 31, 2021 and 2020 are as follows:

	2021	2020
U.S. federal statutory income tax rate	21%	21%
Effective income tax rate	0.0%	4.0%

Unrecognized deferred tax assets and liabilities:

Deferred tax assets and liabilities have not been recognized in respect of the following items at March 31:

	2021	2020
Intangible assets	$ -	$ -
Tax loss carryforwards	372,763	358,423
Allowance for doubtful accounts	-	-
Other assets	-	-
Total deferred tax assets	**$ 372,763**	**$ 358,423**
Deferred tax liabilities:		
Intangible Assets	$ -	$ -
Property and equipment, net	-	-
Total deferred tax liabilities	**$ -**	**$ -**
Net unrecognized deferred tax assets	**$ 372,763**	**$ 358,423**

Explanatory notes:

The tax losses will expire in varying amounts through 2038. The deductible temporary differences do not expire under current tax legislation since they have not yet been converted to a tax attribute such as a tax loss or credit. The Company's net deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available to utilize the benefits therefrom.

In determining the amount of current and deferred expense, the Company takes into account the effect of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. The Company has no uncertain tax positions as of March 31, 2021 and 2020. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; and such changes may effect tax expense in the period that such a determination is made.

Name of Company: HBL America, Inc.
Fiscal Year Ended: March 31, 2021

Lease Commitment

In connection with moving their operation to a new location during the fiscal year, the Company signed a Lease of Premisis agreement dated September 10, 2020. The lease carries a 5-year term and requires the Company to pay an annual base rent plus, under the terms of the triple-net lease, the Company is responsible for a pro-rata portion of the annual operating expenses (including property taxes).

	AMOUNT (USD) Curent Period	AMOUNT (USD) Prior Period
Rent Expense for Premises	101,356	106,146

Name of Company: HBL America, Inc.
Fiscal Year Ended: March 31, 2021

OTHER DISCLOSURES

Use of Estimates

The preparation of financial statements on the accrual method of accounting can require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclose of certain contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

Advertising Costs

Costs of advertising are expensed as incurred. Advertising expense was $1,818 for the year ended March 31, 2021 and $0 for the year ended March 31, 2020.

Foreign Currencies

Foreign currencies transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions denominated in the foreign currencies are recognized in the statements of operations and retained deficit.

Employee Benefit Plan

The Company established a 401(k) plan which covers employees meeting the plan participation requirements. The Company matches a portion of the employee's voluntary contributions up to a maximum of 4% of the employee's gross earnings. The Company's matching contribution for the years ended March 31, 2021 and 2020 was $15,442 and 15,394, respectively.