Company Registration No. 199202950W

LASALLE College of the Arts Limited

Annual Financial Statements
30 June 2021

Building a better
working world

LASALLE College of the Arts Limited

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Directors' statement

The directors are pleased to present their statement to the members together with the audited financial statements of LASALLE College of the Arts Limited (the "Company") for the financial year ended 30 June 2021.

Opinion of the directors

In the opinion of the directors,

(i) the accompanying financial statements of the Company together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2021, and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, the Charities Act, Chapter 37 and other relevant regulations and Singapore Financial Reporting Standards; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The names of the directors in office at the date of this statement are:

Peter Seah
Professor Stephen Robert Dixon
Robert Michael Tomlin
Kirtida Mekani
Lee Suan Hiang
Jane Ittogi
Brother Paul Ho Kok Chee
Brother Edmundo Adolfo Fernandez
Ho Song Lian Mark (Appointed on 8 February 2021)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

As the Company is a Company limited by guarantee and has no share capital, the statutory information required to be disclosed by the directors under paragraph 9, Twelfth Schedule of the Singapore Companies Act (Chapter 50) does not apply.

Share options

As the Company is limited by guarantee, the statutory information required to be disclosed under paragraph 2, Twelfth Schedule of the Singapore Companies Act (Chapter 50) does not apply.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

PETER SEAH
Director

PROFESSOR STEPHEN ROBERT DIXON
Director

15 November 2021

Independent auditor’s report to the members of LASALLE College of the Arts Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of LASALLE College of the Arts Limited (the “Company”), which comprise the balance sheet as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act), the Singapore Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 30 June 2021 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the Directors’ statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and Regulations and SFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent auditor's report to the members of LASALLE College of the Arts Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required to be kept by the Company have been properly kept in accordance with the provisions of the Act and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that caused us to believe that during the year:

(a) the use of the donation monies was not in accordance with the objectives of the Company as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Company has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

15 November 2021

LASALLE College of the Arts Limited

Statement of comprehensive income
For the financial year ended 30 June 2021

	Note	2021 $	2020 $
Fee income	17	27,727,991	28,891,295
Other operating income	20	1,352,546	1,672,873
		29,080,537	30,564,168
Operating expenses			
Staff costs		29,871,977	30,128,315
Depreciation and amortisation expense	4,5,6	8,547,614	8,700,113
Other operating expenses		12,245,070	13,237,465
		50,664,661	52,065,893
Operating deficit	18	(21,584,124)	(21,501,725)
Non-operating income			
Interest income		288,578	437,532
Donation income		911,802	1,048,711
		1,200,380	1,486,243
Deficit before government grants and government credits		(20,383,744)	(20,015,482)
Government grants			
Amortisation of deferred capital grants and deferred income for donations	15,16	6,877,298	6,128,998
Government grants	21	13,718,463	15,147,438
		20,595,761	21,276,436
Net surplus before government credits		212,017	1,260,954
Government credits	22	1,534,149	2,590,473
Net surplus for the financial year		1,746,166	3,851,427
Net change in fair value of financial instruments	11	10,452	(2,580)
Other comprehensive surplus/(deficit) for the financial year, net of tax		10,452	(2,580)
Total comprehensive surplus for the financial year		1,756,618	3,848,847

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

LASALLE College of the Arts Limited

Balance sheet
As at 30 June 2021

	Note	2021 $	2020 $
ASSETS			
Non-current assets			
Property, plant and equipment	4	53,782,371	56,545,498
Intangible assets	5	186,624	470,633
Right-of-use assets	6	12,331,210	14,202,217
Investment securities	7	6,533,816	6,312,292
		72,834,021	77,530,640
Current assets			
Trade and other receivables	8	2,152,976	3,004,337
Prepayments		528,080	690,687
Investment securities	7	–	1,691,911
Cash and cash equivalents	9	51,397,023	39,547,962
		54,078,079	44,934,897
Total assets		126,912,100	122,465,537
EQUITY AND LIABILITIES			
Equity			
Members' guarantee, subscribed in Accordance with Article 5 of the Articles of Association subscriptions of $10 each	10	920	920
General fund		32,534,578	31,080,394
Contingency reserve		3,388,572	3,096,590
Fair value reserve	11	–	(10,452)
Total equity		35,924,070	34,167,452
Current liabilities			
Other payables and accruals	12	9,893,039	10,196,060
Other liabilities	13	1,187,962	6,370,580
Deferred fee income	19	4,317,002	4,042,073
Loans and borrowings	14	–	1,000,941
Lease liabilities	6	419,111	591,728
		15,817,114	22,201,382
Non-current liabilities			
Other payables	12	2,100,000	2,200,000
Deferred income for donations	15	11,036,205	246,062
Deferred government capital grants	16	60,697,804	61,512,050
Lease liabilities	6	1,336,907	2,138,591
		75,170,916	66,096,703
Total liabilities		90,988,030	88,298,085
Total equity and liabilities		126,912,100	122,465,537

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of changes in equity
For the financial year ended 30 June 2021

	Members' guarantee $	General fund $	Contingency reserve $	Fair value reserve $	Total $
Balance at 1 July 2019	920	27,806,681	2,518,876	(7,872)	30,318,605
Net surplus for the financial year	–	3,851,427	–	–	3,851,427
Other comprehensive deficit	–	–	–	(2,580)	(2,580)
Transfer to reserve	–	(577,714)	577,714	–	–
	–	3,273,713	577,714	(2,580)	3,848,847
Balance at 30 June 2020	920	31,080,394	3,096,590	(10,452)	34,167,452
Balance at 1 July 2020	920	31,080,394	3,096,590	(10,452)	34,167,452
Net surplus for the financial year	–	1,746,166	–	–	1,746,166
Other comprehensive surplus	–	–	–	10,452	10,452
Transfer to reserve	–	(291,982)	291,982	–	–
	–	1,454,184	291,982	10,452	1,756,618
Balance at 30 June 2021	920	32,534,578	3,388,572	–	35,924,070

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

LASALLE College of the Arts Limited

Cash flow statement
For the financial year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Net surplus for the financial year		1,746,166	3,851,427
Adjustments for:			
Allowance for expected credit loss on trade receivables	8	75,176	90,370
(Reversal)/allowance for expected credit loss on investment securities	7	(18,683)	50,683
Depreciation of property, plant and equipment	4	6,670,495	6,673,031
Amortisation of intangible assets	5	390,394	524,345
Depreciation of right-of-use assets	6	1,486,725	1,502,737
Amortisation of deferred capital grants and deferred income for donations	15,16	(6,877,298)	(6,128,998)
Government grants		(13,718,463)	(15,147,438)
Loss on disposal of property, plant and equipment		28,790	9,050
Adjustment arising from shortened lease period	6	(14,288)	–
Donation income		(911,801)	(1,048,711)
Interest income from banks		(288,578)	(437,532)
Lease interest expense	6	94,441	118,275
Premium amortisation of investment securities		35,430	143,514
		(11,301,494)	(9,799,037)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		551,180	(441,965)
Decrease in prepayments		162,609	143,953
(Decrease)/increase in other payables and accruals		(8,170)	427,283
Increase/(decrease) in deferred fee income		274,929	(1,348)
Net cash used in operating activities		(10,320,946)	(9,671,114)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(3,938,354)	(2,572,731)
Proceeds from disposal of property, plant and equipment		2,193	2,050
Purchase of intangible assets	5	(106,385)	(71,671)
Decrease in fixed deposit placed for more than 3 months	9	–	8,000,000
Proceeds from maturity of investment securities		1,714,092	3,500,000
Purchase of investment securities		(250,000)	(2,037,500)
Interest received		404,194	407,406
Net cash (used in)/generated from investing activities		(2,174,260)	7,227,554

Cash flow statement
For the financial year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from financing activities			
Repayment of loan and borrowings		(1,000,000)	–
Donation income received		6,304,195	6,113,069
Development, furniture and equipment and IT government grants received		5,883,333	4,583,358
Operating grants received	21	13,826,910	17,205,286
Lease interest expense	6	(94,441)	(118,275)
Principal repayment of lease liabilities	6	(575,731)	(569,186)
Net cash generated from financing activities		24,344,266	27,214,042
Net increase in cash and cash equivalents		11,849,061	24,770,482
Cash and cash equivalents at 1 July	9	39,547,962	14,777,480
Cash and cash equivalents at 30 June	9	51,397,023	39,547,962

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

LASALLE College of the Arts was incorporated in Singapore on 5 June 1992 as a public company limited by guarantee under the Singapore Companies Act.

The Company is a registered Institute of Public Character, approved by the Commissioner of Charities.

The Company's registered office and principal place of business is located at 1 McNally Street, Singapore 187940.

The principal activities of the Company are to advance, develop, encourage and promote education in the arts. The Company operates LASALLE College of the Arts, providing full-time and part-time courses in the various disciplines of fine art, design, media arts and performing arts.

There has been no change in the Company's principal activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "$"), which is the Company's functional currency.

2.2 *Adoptions of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 July 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Company has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 116: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 103: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 117 Insurance contract and Illustrative Examples	1 January 2023

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.4 *Foreign currency transactions and balances*

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the financial period are recognised in the statement of comprehensive income.

2. Summary of significant accounting policies (cont'd)

2.5 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	-	3 years
Office equipment and furniture	-	5 years
Teaching equipment and storage facilities	-	5 years
Renovations to institution campus	-	5 to 7 years
Building	-	26.7 years
Art works	-	3 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.6 *Intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

<u>Software</u>

Software was acquired separately and is amortised on a straight line basis over its estimate useful life of 3 years.

Software-development in progress is stated at cost. Expenditure relating to software-development in progress are capitalised when incurred. Assets under Software-development in progress included in intangible assets are not amortised as these assets are not yet available for use.

2. Summary of significant accounting policies (cont'd)

2.7 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case, the reversal is treated as a revaluation increase.

2.8 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.8 *Financial instruments (cont'd)*

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gain and losses are recognised in statement of profit or loss and other comprehensive income when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.8 *Financial instruments (cont'd)*

(b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company considers factors such as historical credit loss experience and forward-looking factors specific to the debtors.

2. Summary of significant accounting policies (cont'd)

2.9 ***Impairment of financial assets (cont'd)***

All impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Impairment losses in respect of financial assets measured at amortised cost is reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised. Any subsequent reversal of an impairment loss is recognised in statement of profit or loss and comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.10 ***Loans and borrowings***

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings using the effective interest method.

2.11 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits which are subject to an insignificant risk of changes in value.

2.12 ***Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 ***Government grants and contributions from other organisations***

Government grants and contributions from other organisations are recognised at their fair value where there is reasonable assurance that the grant will be received and all required conditions will be complied with.

Development grants from government and contributions from other organisations utilised for the purchase of depreciable assets or to finance capital projects are taken to the Deferred capital grants account if the assets are capitalised, or taken to the statement of comprehensive income if the assets purchased are written off in the year of purchase.

2. Summary of significant accounting policies (cont'd)

2.13 *Government grants (cont'd)*

Deferred capital grants are recognised in the statement of comprehensive income over the periods necessary to match the depreciation of the assets with the related grants. On disposal of the property, plant and equipment, the balance of the related grants is recognised in the statement of comprehensive income to match the net book value of property, plant and equipment written off.

Government grants to meet the current year's operating expenses are taken to the statement of comprehensive income for the year. Government grants are accounted for on the accrual basis.

Government and other grants received but not utilised are included in the "Grant received in advance" account.

2.14 *Employee benefits*

(a) *Defined contribution plans*

The Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.15 *Leases*

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Summary of significant accounting policies (cont'd)

2.15 *Leases (cont'd)*

As a lessee (cont'd)

(a) **Rights-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Rental of teaching spaces	–	6 years
Land premium	–	30 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.7 Impairment of non-financial assets.

(b) **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Summary of significant accounting policies (cont'd)

2.15 *Leases (cont'd)*

As a lessee (cont'd)

(c) **Short-term leases**

The Company applies the short-term lease recognition exemption to its short-term leases of event venue and leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned

2.16 *Revenue*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

<u>Rendering of education services</u>

Revenue represents tuition and other course fees and are recognised when the services have been performed and rendered over the period of course delivery.

2.17 *Other operating income*

(a) **Professional development fees income**

Professional development fee income represents income generated from provision of short courses. Such income are recognised over the period of course delivery.

(b) **Rental income**

Rental income is recognised on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

2.18 *Non-operating income*

(a) **Donation income**

Donations for operations and activities are included in the statement of comprehensive income or in the fund accounts on a cash basis, except for donations specifically designated for future events or expenditure which are included in the statement of comprehensive income in the same period as the designated expenditure.

(b) **Interest income**

Interest income is recognised as it accrues, using the effective interest method.

2.19 *Taxes*

Goods and Services Tax (GST)

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

- Where the GST incurred in a purchase of assets or 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 item as applicable; and
- Receivables and payables that 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.

2.20 *Members' guarantee*

Members' contribution which is subscribed in accordance with Article 5 of the Articles of Association are classified as equity.

2.21 *Contingency reserve*

Contingency reserve are funds transferred from the General Funds to meet any unforeseen contingency in the future, including but not limited to provision for sinking fund to meet future maintenance of the building. The funds transferred are based on a certain percentage on the net surplus for the financial year.

2.22 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company;

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (cont'd)

2.22 *Contingencies (cont'd)*

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Dismantle, removal or restoration costs for property, plant and equipment

The Company has entered into various lease agreements for its teaching space and school campus. The agreements with the various landlords have indicated that if the landlords require the Company to restore the premises to its original condition, the Company is obliged to do so. Based on the lease agreements with the various landlords, at the termination of the lease agreements, the Company has to yield up the demised premises in good and tenantable condition. Based on historical experience and minimal renovations made to the premises, the Company has assessed and has concluded that it is not required to reinstate the premise and therefore has not provided for any cost of dismantlement, removal or restoration.

3.2 *Key sources of estimation uncertainty*

Management is of the opinion that there is no significant estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. Property, plant and equipment

	Computers	Office equipment and furniture	Teaching equipment and storage facilities	Renovations to institution campus/hostel	Building	Art works	Construction-in-progress	Total
	$	$	$	$	$	$	$	$
Cost								
As at 1 July 2019	7,595,104	5,169,553	15,144,373	11,500,290	95,403,981	995,225	368,499	136,177,025
Additions	529,452	55,926	1,119,351	188,200	–	–	679,802	2,572,731
Disposals/written off	(874,559)	(6,905)	(166,897)	–	–	–	–	(1,048,361)
Transfers	–	–	698,325	–	–	–	(698,325)	–
As at 30 June 2020 and 1 July 2020	7,249,997	5,218,574	16,795,152	11,688,490	95,403,981	995,225	349,976	137,701,395
Additions	547,864	9,140	1,653,625	205,990	–	–	1,521,734	3,938,354
Disposals/written off	(2,277,553)	(2,542)	(315,193)	(90,664)	–	–	–	(2,685,950)
Transfers	–	–	874,194	82,851	–	–	(957,045)	–
As at 30 June 2021	5,520,308	5,225,172	19,007,778	11,886,667	95,403,981	995,225	914,665	138,953,796
Accumulated depreciation								
As at 1 July 2019	6,497,814	4,932,312	12,259,851	7,905,187	42,931,794	993,169	–	75,520,127
Depreciation charge for the financial year	632,059	73,048	1,174,710	1,213,509	3,577,649	2,056	–	6,673,031
Disposals/written off	(873,035)	(6,905)	(157,321)	–	–	–	–	(1,037,261)
As at 30 June 2020 and 1 July 2020	6,256,838	4,998,455	13,277,240	9,118,696	46,509,443	995,225	–	81,155,897
Depreciation charge for the financial year	648,018	65,424	1,580,840	798,564	3,577,649	–	–	6,670,495
Disposals/written off	(2,277,553)	(2,177)	(310,536)	(64,701)	–	–	–	(2,654,967)
As at 30 June 2021	4,627,303	5,061,702	14,547,544	9,852,559	50,087,092	995,225	–	85,171,425
Net carrying amount								
As at 30 June 2021	893,005	163,470	4,460,234	2,034,108	45,316,889	–	914,665	53,782,371
As at 30 June 2020	993,159	220,119	3,517,912	2,569,794	48,894,538	–	349,976	56,545,498

5. Intangible assets

	Software $	Software-development in progress $	Total $
Cost			
As at 1 July 2019	2,878,226	44,382	2,922,608
Additions	55,921	15,750	71,671
Written off	(48,385)	–	(48,385)
Transfers	44,379	(44,379)	–
As at 30 June 2020 and 1 July 2020	2,930,141	15,753	2,945,894
Additions	106,385	–	106,385
Written off	(254,842)	–	(254,842)
Transfers	15,753	(15,753)	–
As at 30 June 2021	2,797,437	–	2,797,437
Accumulated amortisation			
As at 1 July 2019	1,999,301	–	1,999,301
Amortisation charge for the financial year	524,345	–	524,345
Written off	(48,385)	–	(48,385)
As at 30 June 2020 and 1 July 2020	2,475,261	–	2,475,261
Amortisation charge for the financial year	390,394	–	390,394
Written off	(254,842)	–	(254,842)
As at 30 June 2021	2,610,813	–	2,610,813
Net carrying amount			
As at 30 June 2021	186,624	–	186,624
As at 30 June 2020	454,880	15,753	470,633

6. Right-of-use assets/lease liabilities

As a lessee

The Company leases teaching spaces under operating leases. Leases of teaching spaces have lease term of 6 years.

The Company also has prepayment of land use right. The land use right relates to the leasehold land that was acquired for the construction of the city campus. The lease term is for the period of 30 years which commenced from 10 March 2004 and expires on 9 March 2034.

The acquisition of land premium was financed by City Campus Development grant of $23,868,905.

The Company also has leases of event venue, leases of equipment with lease terms of 12 months or less. The Company applies the ‘short-term lease’ recognition exemption for these leases.

6. Right-of-use assets/lease liabilities (cont'd)

As a lessee (cont'd)

(a) **Carrying amounts of right-of-use assets recognised and the movements during the period:**

	Teaching spaces $	Land premium $	Total $
As at 1 July 2019	3,299,505	12,405,449	15,704,954
Depreciation expense	(616,633)	(886,104)	(1,502,737)
As at 30 June 2020 and 1 July 2020	2,682,872	11,519,345	14,202,217
Depreciation expense	(600,621)	(886,104)	(1,486,725)
Adjustment arising from shortened lease period**	(384,282)	–	(384,283)
As at 30 June 2021	1,697,969	10,633,241	12,331,210

****** During the financial year, the Company determined that the option to extend the lease of teaching spaces, which was included in the lease period at initial recognition, was no longer available. As a result, the Company adjusted the right of use assets of $384,282 (2020: $ Nil) and lease liabilities of $398,570 (2020: $ Nil).

(b) **Lease liabilities**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021 $	2020 $
As at 1 July	2,730,319	3,299,505
Accretion of interest	94,441	118,275
Payments:		
- Lease interest expense	(94,441)	(118,275)
- Principal repayment	(575,731)	(569,186)
- Adjustment arising from shortened lease period	(398,570)	–
As at 30 June	1,756,018	2,730,319
Current	419,111	591,728
Non-current	1,336,907	2,138,591
	1,756,018	2,730,319

The maturity analysis of lease liabilities is disclosed in Note 27.

6. Right-of-use assets/lease liabilities (cont'd)

As a lessee (cont'd)

(c) **Amounts recognised in profit or loss:**

	2021 $	2020 $
Depreciation expense of right-of-use assets	1,486,725	1,502,737
Interest expense on leases liabilities	94,441	118,275
Expenses relating to short-term leases (included in other operating expenses)	107,264	302,994
Adjustment arising from shortened lease period	(14,288)	–
Total amount recognised in profit or loss	1,674,142	1,924,006

(d) **Total cash outflow**

The Company had total cash outflows for leases of $777,436 in 2021 (2020: $990,455).

A reconciliation of liabilities arising from the Company's financing activities are as follows:

	1 July 2020	Non-cash changes Interest	Non-cash changes Other*	Cash flows	30 June 2021
	$	$	$	$	$
Lease liabilities					
Current	591,728	94,441	403,114	(670,172)	419,111
Non-current	2,138,591	–	(801,684)	–	1,336,907
Total lease liabilities	2,730,319	94,441	(398,570)	(670,172)	1,756,018

	1 July 2019	Non-cash changes Interest	Non-cash changes Other*	Cash flows	30 June 2020
	$	$	$	$	$
Lease liabilities					
Current	569,187	118,275	591,727	(687,461)	591,728
Non-current	2,730,318	–	(591,727)	–	2,138,591
Total lease liabilities	3,299,505	118,275	–	(687,461)	2,730,319

* The "Other" column relates to reclassification of non-current portion of obligations under lease liabilities to passage of time and adjustment arising from shortened lease period

7. Investment securities

Financial instruments

	2021 $	2020 $
Non-current assets		
At amortised cost		
- Quoted debt instruments	6,565,816	6,348,405
- Allowance for expected credit losses	(32,000)	(36,113)
	6,533,816	6,312,292
Current assets		
At fair value through other comprehensive income		
- Non-redeemable preference shares	–	203,640
- Allowance for expected credit losses	–	(407)
At amortised cost		
- Quoted debt instruments	–	1,502,841
- Allowance for expected credit losses	–	(14,163)
	–	1,691,911
Total	6,533,816	8,004,203

Expected credit losses

The movement in allowance for expected credit losses of investment securities computed based on 12-month expected credit losses are as follows:

	2021 $	2020 $
At 1 July	50,683	–
(Reversal)/allowance made for the financial year	(18,683)	50,683
At 30 June	32,000	50,683

Non-redeemable preference shares

The Company has elected to measure these investment securities at FVOCI. The movement in these investment securities at the end of the reporting period are as follows:

	2021 $	2020 $
Balance at beginning of the reporting period	203,233	206,220
Redemption of non-redeemable preference shares	(214,092)	–
Fair value loss recognised in other comprehensive income	10,452	(2,580)
Reversal/(allowance) for expected credit losses	407	(407)
Balance at end of the reporting period	–	203,233

7. Investment securities (cont'd)

Financial instruments (cont'd)

Quoted debt instruments

The quoted debt instruments which have a maturity value of $6,500,000 (2020: $7,750,000) represent corporate bonds with coupon rate ranging between 3.13% to 5.00% (2020: 3.50% to 5.00%) per annum, with an effective interest rate ranging between 2.69% to 3.76% (2020: 2.69% to 3.82%) per annum and called up between 12 November 2022 and 7 November 2024 (2020: 31 August 2020 and 7 November 2024).

8. Trade and other receivables

	2021 $	2020 $
Fees receivables (net of expected credit loss)	–	27,094
Other receivables	187,803	255,638
Operating grants receivable	947,062	1,055,509
Development grants receivable	504,167	337,500
Other grants receivable	298,159	1,212,392
Deposits	215,785	116,204
Total trade and other receivables	2,152,976	3,004,337
Add: Cash and cash equivalents (Note 9)	51,397,023	39,547,962
Add: Investment securities at amortised cost (Note 7)	6,533,816	7,800,970
Total financial assets carried at amortised cost	60,083,815	50,353,269

Fees receivables are non-interest bearing and are generally on 30 days' term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables are denominated in Singapore dollars.

Fees receivables that are past due but not impaired

The Company has fees receivables amounting to $ Nil (2020: $11,144) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date are as follows:

	2021 $	2020 $
Less than one year	–	11,144

8. Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2021	2020
	$	$
At 1 July	365,144	411,891
Allowance made for the financial year	75,176	90,370
Written off	(124,019)	(137,117)
At 30 June	316,301	365,144

9. Cash and cash equivalents

	2021	2020
	$	$
Fixed deposits	10,296,379	19,826,831
Cash and bank balances	41,100,644	19,721,131
	51,397,023	39,547,962

Fixed deposits placed with financial institutions have maturity ranging from 1 - 2 months (2020: 1 - 3 months) from the end of the financial year, with interest rates ranging from 0.4% to 0.45% (2020: 0.87% to 2.02%) per annum.

Cash and cash equivalents are denominated in Singapore dollars.

For the purpose of cash flow statement, the year-end cash and cash equivalents comprise the following:

	2021	2020
	$	$
Fixed deposits	10,296,379	19,826,831
Cash and bank balances	41,100,644	19,721,131
Cash and cash equivalents	51,397,023	39,547,962

10. Members' guarantee

The Company is limited by guarantee whereby each member of the Company undertakes to meet the debts and liabilities of the Company, in the event of its liquidation, to an amount not exceeding $10 per member.

As at 30 June 2021, the Company has 71 (2020: 71) members.

11. Fair value reserve

	2021 $	2020 $
At 1 July	(10,452)	(7,872)
Fair value gain/(loss)	10,452	(2,580)
At 30 June	–	(10,452)

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial instruments measured at FVOCI until they are disposed of or impaired.

12. Other payables and accruals

	2021 $	2020 $
Other payables and accruals (current):		
Other payables	1,171,064	1,750,806
GST payable	38,923	24,392
Bursaries and scholarships	1,283,464	1,355,309
Accrued operating expenses	4,801,478	4,892,163
Provision for unutilised leave	748,299	758,662
Deferred grant income	–	1,414,728
Provision for grant recovery	1,849,811	–
	9,893,039	10,196,060
Other payables and accruals (non-current):		
Bursaries and scholarships	2,100,000	2,200,000
Total other payables and accruals	11,993,039	12,396,060
Add: Loan and borrowings (Note 14)	–	1,000,941
Add: Deposits (Note 13)	45,837	64,796
Less: GST payable	(38,923)	(24,392)
Less: Bursaries and scholarships	(3,383,464)	(3,555,309)
Less: Provision for unutilised leave	(748,299)	(758,662)
Less: Deferred grant income	–	(1,414,728)
Less: Provision for grant recovery	(1,849,811)	–
Total financial liabilities carried at amortised cost	6,018,379	7,708,706

Other payables are denominated in Singapore Dollars, unsecured, non-interest bearing and are normally settled on 30 days' term.

Bursaries and scholarships refer to donations received by the Company. In making the donations, the various individual and corporate donors had indicated that such donation monies are to be made to qualifying and deserving students in the form of bursaries or scholarships. The unutilised donation monies are recorded as "Other liabilities" in the Balance Sheet as the Company has the obligation to disburse these monies to the selected students in accordance with the terms and conditions imposed by the respective donors.

12. Other payables and accruals (cont'd)

Provision for grant recovery refers to amount of Jobs Support Scheme and Jobs Growth Incentive payouts received and expected to be returned to the government based on clarifications with Ministry of Education and Inland Revenue Authority of Singapore respectively.

13. Other liabilities

	2021 $	2020 $
Advances received	109,978	45,642
Donations received	1,032,147	6,260,142
Deposits	45,837	64,796
	1,187,962	6,370,580

During the financial year, the Company has transferred $5,248,248 (2020: $ Nil) received in prior financial year for the Campus Extension Building Fund to the deferred income for donations (Note 15).

14. Loans and borrowings

	2021 $	2020 $
Repayable:		
- Current	–	1,000,941
	–	1,000,941
Represented by:		
Special Term Loan	–	1,000,941

Special Term Loan relates to a loan from Brothers of the Christian Schools, the Company's Founder, for the purpose of awarding scholarships. The loan is unsecured and repaid in full on May 2021.

15. Deferred income for donations

	2021 $	2020 $
At 1 July	246,062	251,160
Donations received/transferred from other liabilities (Note 13)	10,803,195	–
Amortisation of donation	(13,052)	(5,098)
At 30 June	11,036,205	246,062

15. Deferred income for donations (cont'd)

Deferred income for donations refers to donations for the purpose of capital expenditure and Campus Extension Building Fund.

16. Deferred government capital grants

	2021 $	2020 $
At 1 July	61,512,050	63,602,852
Transferred from operating grant (Note 21)	6,050,000	4,033,098
	67,562,050	67,635,950
Amortisation of capital grant	(6,864,246)	(6,123,900)
At 30 June	60,697,804	61,512,050
Represented by:		
Utilised grant	49,973,327	53,278,761
Unutilised grant	10,724,477	8,233,289
	60,697,804	61,512,050

17. Fee income

Fee income represents tuition and other course fees arising from the provision of educational services rendered by the Company.

18. Operating deficit

The following items have been included in arriving at operating deficit:

	2021 $	2020 $
(Reversal)/allowance for expected credit losses		
- Investment securities (Note 7)	(18,683)	50,683
- Fees receivables (Note 8)	75,176	90,370
Depreciation and amortisation expense:		
- Depreciation of property, plant and equipment (Note 4)	6,670,495	6,673,031
- Amortisation of intangible assets (Note 5)	390,394	524,345
- Depreciation of right-of-use assets (Note 6)	1,486,725	1,502,737
Staff costs:		
- Salaries and bonuses	27,378,609	27,670,034
- Contribution to Central Provident Fund	2,493,368	2,458,281
Lease interest expense	94,441	118,275
Goldsmiths related expenses	1,777,086	1,665,123
Campus maintenance	1,353,689	1,381,670
Utilities	1,038,607	971,483
Operating lease expenses	107,264	302,994
Transport and traveling	15,827	770,023
Software/hardware maintenance	387,959	490,569
Professional fees	54,329	53,720
Consultant fees	1,205,991	1,495,244
Staff training and development	221,421	243,678
Loss on disposal of property, plant and equipment	28,790	9,050

19. Deferred fee income

	2021 $	2020 $
Deferred fee income	4,317,002	4,042,073

Deferred fee income primarily relates to the Company's obligation to transfer services to customers for which the Company has received consideration or the amount is due from the customer.

Fee income recognised that was included in the deferred fee income balance as at the beginning of the year is $4,042,073 (2020: $4,043,421).

20. Other operating income

The following items have been included in arriving at other operating income:

	2021 $	2020 $
Professional development fees income	720,823	663,219
Rental income	126,575	309,545

21. Government grants

	2021 $	2020 $
Recurrent grants received during the financial year	20,678,127	22,989,743
Payment for goods and services tax on grants	(967,884)	(1,201,099)
Transferred to deferred capital grant (Note 16)	(5,883,333)	(4,583,358)
Net recurrent grants received during the financial year	13,826,910	17,205,286
Recurrent grants accrued in prior year	(1,055,248)	(3,663,356)
Recurrent grants accrued in current year	1,113,468	1,055,248
Recurrent grant transferred (to)/from deferred capital grant (Note 16)	(166,667)	550,260
Recurrent grants taken to statement of comprehensive income	13,718,463	15,147,438

22. Government credits

Government credits include Special Employment Credit, Wage Credit, Job Support Scheme and Job Growth Incentive.

23. Taxation

The Company is registered as a charity under the Charities Act (Chapter 37). With effect from the Year of Assessment 2008, all registered and exempt charities will enjoy automatic income tax exemption by virtue of Section 13(1)(zm) of the Income Tax Act, Chapter 134. Therefore, no provision for taxation has been made in the financial statements during the current financial year.

24. Compensation of key management personnel

	2021 $	2020 $
Short-term employee benefits (including CPF)	2,283,255	2,343,151

	Number of key management personnel	
Short term employee benefits (including CPF) of:		
- $200,000 and above	5	5
- Below $200,000	1	1
	6	6

25. Commitments

Capital commitments

At the end of reporting period, the Company had commitments of $3,896,912 (2020: $1,631,448) for capital expenditure not provided for in the financial statements in respect of contracts placed for the renovation of campus, building and acquisition of furniture and fittings and IT equipment.

	2021 $	**2020** $
Contracted but not provided for	3,896,912	1,631,448

The Company has lease contract that have not yet commenced as at 30 June 2021. The future lease payments for these non-cancellable lease contracts are $462,075 within a year and $646,905 within 5 years.

Other commitments

At the end of the reporting period, the Company has commitments for continuing validation expenditure with its partner university, Goldsmiths University of London (“Goldsmiths”), as follows:

	2021 $	**2020** $
Within one year	1,407,263	1,308,788
After one year but not more than five years	1,407,263	1,308,788
	2,814,525	2,617,576

The validation agreement with Goldsmiths covers a period of 6 years commencing 1 August 2017 to 31 July 2023.

26. Donation received

As required for disclosure under Section 17(1) of the Charities (Institutions of a Public Character) Regulations 2010, the Company has received total tax-deductible donations of $353,649 (2020: $396,450) in the current financial year.

27. Financial risk management objectives and policies

The Company’s activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and interest rate risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has ben throughout the current and previous financial year, the Company’s policy that no trading of derivatives for speculative purposes shall be undertaken.

27. Financial risk management objectives and policies (cont'd)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and objectives, polices and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents and investment in corporate bonds), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The following are qualitative information about the Company's expected credit loss model for significant class of financial assets.

Financial asset class	**Definitions of default**	**Basis for recognition of expected credit loss provision**
Trade receivables	Course fees that are past due.	Simplified approach to recognise lifetime expected credit losses
Investment securities	Significant decline in credit rating of bonds, and interest and/or principal repayments that are past due and long outstanding.	12-month expected credit losses

<u>Investment securities</u>

For investment securities, the Company has measured the impairment loss allowance and have provided allowance for expected credit losses of $32,000 (2020: $50,683) at the end of the reporting date.

Information regarding the allowance movement for expected credit losses of investment securities is disclosed in Note 7 (Investment securities).

<u>Exposure to credit risk</u>

At the balance sheet date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

27. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

<u>Credit risk concentration profile</u>

At the end of the reporting date, other than disclosed in the following paragraph, there was no significant concentration of credit risk.

	2021	
	Percentage of balance	**No. of counterparties/ debtors**
Cash and cash equivalents	100%	3
Trade and other receivables	81%	1

	2020	
	Percentage of balance	**No. of counterparties/ debtors**
Cash and cash equivalents	84%	4
Trade and other receivables	87%	2

(b) Liquidity risk

Liquidity or funding risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuation in cash flows. The Company's activities are adequately funded by government grants and other revenue.

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations:

	2021			
	1 year or less $	2 to 5 Years $	More than 5 Years	Total $
Financial assets:				
Trade and other receivables*	2,152,976	–	–	2,152,976
Cash and cash equivalents	51,397,023	–	–	51,397,023
Investment securities	254,375	6,617,515	269,094	7,140,984
Total undiscounted financial assets	53,804,374	6,617,515	269,094	60,690,983
Financial liabilities:				
Other payables and accruals**	5,972,542	–	–	5,972,542
Lease liabilities	480,000	1,417,333	–	1,897,333
Deposits	45,837	–	–	45,837
Total undiscounted financial liabilities	6,498,379	1,417,333	–	7,915,712
Total net undiscounted financial assets	47,305,995	5,200,182	269,094	52,775,271

27. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2020		
	1 year or less $	**2 to 5 Years** $	**Total** $
Financial assets:			
Trade and other receivables*	3,004,337	–	3,004,337
Cash and cash equivalents	39,547,962	–	39,547,962
Investment securities	1,999,499	6,868,147	8,867,646
Total undiscounted financial assets	44,551,798	6,868,147	51,419,945
Financial liabilities:			
Other payables and accruals**	6,642,969	–	6,642,969
Lease liabilities	687,461	2,294,967	2,982,428
Deposits	64,796	–	64,796
Loan and borrowings	1,000,941	–	1,000,941
Total undiscounted financial liabilities	8,396,167	2,294,967	10,691,134
Total net undiscounted financial assets	36,155,631	4,573,180	40,728,811

* Exclude GST receivable
** Exclude GST payable, bursaries and scholarships, provision for unutilised leave, deferred grant income and provision for grant recovery

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises from fixed deposits.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the balance sheet date, if interest rates had been 90 basis points (2020: 60 basis points) lower/higher with all other variables held constant, the Company's surplus/deficit would have been $462,573 (2020: $237,288) lower/higher, arising mainly as a result of lower/higher interest income from floating rate cash in bank and fixed deposits.

28. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) Fair value measurements

Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - quoted prices (unadjusted) in active market for identical assets or liabilities that the group can access at the measurement date;

Level 2 - inputs other that quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Financial instruments measured at fair value

The following table shows an analysis of each class of assets measure at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1)
As at 30 June 2021	
Investment securities at FVOCI (Note 7)	
- Non-redeemable preference shares	–
As at 30 June 2020	
Investment securities at FVOCI (Note 7)	
- Non-redeemable preference shares	203,640

28. Fair values of financial instruments (cont'd)

(c) Financial instruments not measured at fair value, for which fair value is disclosed

The following table shows an analysis of the Company's assets not measured at fair value, for which fair value is disclosed.

	Fair Value: Quoted prices in active markets for identical instruments (Level 1)	**Carrying amount**
As at 30 June 2021		
Investment securities at amortised cost (Note 7)		
- Quoted debt instruments	6,679,178	6,533,816
As at 30 June 2020		
Investment securities at amortised cost (Note 7)		
- Quoted debt instruments	7,880,065	7,800,970

Determination of fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

(d) Financial instruments whose carrying amounts approximate fair value

Management has determined that the carrying amounts of trade and other receivables, cash and cash bank balances, other payables and accruals and loan and borrowings based on their nominal amounts, reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

The carrying amounts of lease liabilities approximate their fair values as its incremental borrowing rate ("IBR") used to measure lease liabilities is close to market rate of interest.

29. Capital management

The Company's objectives when managing capital are:

(a) To safeguard the Company's ability to continue as a going concern;

(b) To support the Company's stability and growth; and

(c) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company defines capital as all components of equity and deferred government capital grants. The Company monitors the capital structure regularly, taking into consideration the future requirements, prevailing and projected operating cash flows, projected capital expenditures and projected investment opportunities.

The Company monitors capital on the basis of the carrying amount of equity and deferred government capital grants plus its borrowings, less cash and cash equivalents presented on the face of the balance sheet.

There were no changes in the Company's approach to capital management during the financial year.

The Company is not subject to externally imposed capital requirements.

30. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 15 November 2021.