

# Sample Report & Data

**DECLARATION  
VERIFYING BALANCE-  
SHEET  
OF FOREIGN COMPANY**

Name of Foreign Company: ASIA, INC.

Company No: S93FC462

The Accounting and Corporate Regulatory Authority

I, Cruse, of Singapore 279282

\*NRIC/FIN/Passport No S696799, do declare that —

- (a) I am the duly Authorised Representative in Singapore of the abovenamed company;
- (b) the copy of the balance-sheet and the copies of the documents at Annexure "A" are true copies of the balance-sheet made up to 31 December 2021 and the documents which the abovenamed company is required to prepare by the law for the time being applicable to the abovenamed company in United States of America ;
- (c) the date of the Annual General Meeting of the abovenamed company is N/A
- (d) the name of the auditor is N/A

and I make this declaration conscientiously believing the statements contained in this declaration to be true in every particular.

Declared at Singapore )  
this 13th day of July 2022 )

Signature 

Name : Wade

Signature of 

Name of witness Vasanthi Han

# Statement of comprehensive income for the financial year ended 31 December 2021

	Notes	2021 \$	2020 \$
Revenue – consultancy income	4	136,335,322	107,344,691
Other income	5	266,865	225
Expenses			
Employee compensation	6	(118,492,120)	(81,120,974)
Expenses attributable to holding/related corporations		(20,816,251)	(19,830,910)
Depreciation of plant and equipment	10	(851,449)	(1,444,446)
Depreciation of right-of-use assets	20	(2,510,978)	(2,495,010)
Professional support costs	19	(7,648,322)	(4,511,267)
Technique and know-how	19	(5,725,491)	(4,312,497)
Rental expense – operating leases		(516,559)	(427,314)
Foreign currency exchange gain / (loss) – net		595,849	(1,219,235)
Travelling and accommodation		(500,001)	(454,310)
Staff recruitment and training		(334,761)	(445,510)
Office supplies		(256,207)	(128,576)
Communication		(235,148)	(303,588)
Repair and maintenance		(123,784)	(161,667)
Finance costs	7	(212,220)	(194,307)
Allowance for impairment loss	11	(1,055,328)	(1,524,137)
Others		(2,368,719)	(1,831,232)
Total expenses		(161,051,489)	(120,404,980)
Reimbursement of expenses by customers		8,673,473	6,208,277
Recharge of expenses to related corporations	19	2,023,031	2,335,975
<b>Loss before income tax</b>		<b>(13,752,798)</b>	<b>(4,515,812)</b>
Income tax credit / (expense)	8	936,934	(1,793,494)
<b>Total comprehensive loss for the year</b>		<b>(12,815,864)</b>	<b>(6,309,306)</b>

This statement should be read in conjunction with the notes to the financial statements

# Statement of assets used in and liabilities arising out of operations as at 31 December 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	11	10,776,812	22,952,964
Other current assets	12	111,998	131,466
Cash and cash equivalents	13	16,837,926	12,046,051
		<b>27,726,736</b>	35,130,481
<b>Non-current assets</b>			
Signing bonus and tuition loans receivable	9	1,424,329	993,754
Plant and equipment	10	972,921	1,282,698
Right-of-use assets	20	6,297,403	8,732,534
		<b>8,694,653</b>	11,008,986
<b>Total assets</b>		<b>36,421,389</b>	46,139,467
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	156,926,465	154,497,014
Contract liabilities	18	637,930	1,533,610
Lease Liabilities	20	2,632,735	2,571,890
		<b>160,197,130</b>	158,602,514
<b>Non-current liabilities</b>			
Deferred compensation plans	14	6,512,309	2,473,343
Provision for reinstatement cost	15	537,857	537,857
Lease Liabilities	20	4,100,005	6,635,800
		<b>11,150,171</b>	9,647,000
<b>Total liabilities</b>		<b>171,347,301</b>	168,249,514
<b>NET LIABILITIES</b>		<b>(132,902,912)</b>	(122,110,047)
<b>Equity</b>			
Share Capital		(200,000)	(200,000)
Retained loss		135,125,912	122,310,047
<b>Total equity</b>		<b>134,925,912</b>	122,110,047

This statement should be read in conjunction with the notes to the financial statements.

# Statement of changes in equity

## for the financial year ended 31 December 2021

	Share Capital	Retained losses	Total
	\$	\$	\$
Balance at 1 January 2020	(200,000)	116,000,741	115,800,741
Total comprehensive loss for the year	-	6,309,306	6,309,306
<b>Balance at 31 December 2020</b>	<u>(200,000)</u>	<u>12,310,047</u>	<u>122,110,047</u>
Total comprehensive loss for the year	-	<b>12,815,864</b>	<b>12,815,864</b>
<b>Balance at 31 December 2021</b>	<u><b>(200,000)</b></u>	<u><b>135,125,911</b></u>	<u><b>134,925,911</b></u>

This statement should be read in conjunction with the notes to the financial statements.

# Notes to the financial statements

## **1 Corporate information**

The financial statements of \_\_\_\_\_ Asia, Inc. (Incorporated in the United States of America) for the year ended 31 December 2021 were authorized for issue by the Company's management on the date of the statement by director.

The principal activity of the Company is to provide management consulting and related services to businesses either alone, by subsidiary or affiliated corporation.

The Company's head office is \_\_\_\_\_ Inc. incorporated in the United States of America.

The accompanying financial statements of the Company have been prepared from the records of the Company and reflect only transactions recorded therein.

### **2.1 Basis of preparation**

The financial statements have been prepared by the Company's management in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information has been presented in Singapore dollars, unless otherwise stated.

### **2.2 Adoption of new and revised standards**

On 1 January 2021, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

## 2.3 FRS not yet effective

As at the date of authorisation of these financial statements, the following are the new or amended FRS and INT FRS that are not yet effective but may be early adopted for the current financial year:

Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to FRS 16 <i>Property, Plant and Equipment</i> : Proceeds Before Intended Use	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current)	1 January 2023
Amendments to FRS 1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

The directors are still assessing whether the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Company in the period of its initial adoption.

## 2.4 Summary of significant accounting policies

### Signing bonus and tuition loans receivable

Sign on bonus refers to bonus paid to new staff as an incentive to join the Company. The sign on bonus is refundable by the staff if they do not work for the Company for the required period stipulated in the agreement (the “claw back period”). The amount is stated at cost and amortised on a straight-line basis over the claw back period.

Tuition loans receivable refer to tuition fees paid to staff which are refundable by the staff if they do not meet the conditions of the loan. The amount is stated at cost and amortised on a straight-line basis over the bond period of staff.

### Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

## **2.4 Summary of significant accounting policies (cont'd)**

### **Plant and equipment and depreciation (cont'd)**

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold improvements	Lease Term
Furniture and fixtures	7 years
Computer equipment	2.5 years
Computer software	5 years
Telephone equipment	5 years

No depreciation is provided in respect of renovation work in progress until such time the construction is completed and the asset is available for use.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

For acquisitions and disposals during the financial period, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

### **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, such as plant and equipment, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating-unit to which the assets belong will be identified. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating-units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating-unit level.

All individual assets or cash-generating-units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's or cash-generating-unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

All assets previously impaired are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or has decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised previously. Any impairment loss or reversal of impairment loss is recognised in profit or loss.

#### 4 Revenue – consultancy income

	2021	2020
	\$	\$
<u>Fixed fee revenue</u>		
- Third parties	78,872,087	70,173,688
- Holding/related corporations	52,574,706	32,021,706
	<u>131,446,793</u>	<u>102,195,394</u>
<u>Contingent revenue</u>		
- Third parties	4,888,529	5,149,297
	<u>136,335,322</u>	<u>107,344,691</u>

All the fixed fee income and contingent fee income is recognised over time and at point in time, respectively.

#### 5 Other income

	2021	2020
	\$	\$
Interest income	717	25
Gain on disposal of plant and equipment	180	-
Government grant	265,968	200
	<u>266,865</u>	<u>225</u>

The government grant comprises mainly grants from the Economic Development Board.

#### 6 Employee compensation

	2021	2020
	\$	\$
Salaries and bonus	104,330,783	73,075,625
Employer's contribution to Central Provident Fund	2,305,924	1,921,187
Employee benefits	11,696,623	5,906,507
Termination benefits	158,790	217,655
	<u>118,492,120</u>	<u>81,120,974</u>

Amortisation of signing bonus of \$550,523 (2020: \$620,014) and tuition loans of \$316,718 (2020: \$197,562) are included in employee benefits.



## 6 Employee compensation (cont'd)

In 2020 and 2021, the Company received wage support for local employees under the Jobs Support Scheme (“JSS”) from the Singapore Government as part of the Government’s measures to support businesses during the period of economic uncertainty impacted by COVID-19. Grant benefit is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 17 months commencing from April 2020. Government grant benefit of \$1,162,906 (2020: \$1,203,630) was recognized and deducted against the related salary costs during the year. Grant receivable of Nil (2020: \$208,961) (Note 11) and deferred grant income of Nil (2020: \$1,371,807) (Note 17) has also been recognised during the year.

## 7 Finance costs

	2021	2020
	\$	\$
<b>Interest expenses on</b>		
Deferred vice president bonus	10,946	7,940
Lease expenses	201,275	186,367
	<u>212,220</u>	<u>194,307</u>

## 8 Income tax (credit) / expense

	2021	2020
	\$	\$
<b>Tax (credit) / expense attributable to results is made up of</b>		
Withholding tax (credit) / expense	<u>(936,934)</u>	<u>1,793,494</u>

The tax expense on the results differs from the theoretical amount that would arise using the Singapore standard rate of income tax due to the following:

	2021	2020
	\$	\$
Loss before taxation	(13,752,798)	(4,515,812)
Tax calculated at a tax rate of 17% (2019 – 17%)	(2,337,975)	(767,688)
Tax effect on non-allowable expenses	225,134	432,531
Tax effect on non-taxable income	(344,201)	(204,617)
Deferred tax assets not recognised	2,457,042	539,774
Withholding tax (credit) / paid in other countries	<u>(936,934)</u>	<u>1,793,494</u>
	<u>(936,934)</u>	<u>1,793,494</u>

At the end of the financial year, the Company has unutilised tax losses of approximately \$97,585,421 (2020: \$88,325,977) which can be carried forward and used to offset against future taxable income subject to the provisions of tax legislation and agreement with the tax authorities. The tax losses have no expiry date. The potential deferred tax benefits on the unabsorbed tax losses have not been recognised in the financial statements as their realisation is not certain.

## 9 Signing bonus and tuition loans receivable

	2021	2020
	\$	\$
Signing bonus receivable	565,247	384,373
Tuition loans receivable	859,082	609,381
	<u>1,424,329</u>	<u>993,754</u>

Amortisation of signing bonus and tuition loans receivable is included as part of employee compensation disclosed in Note 6 to the financial statements.

At the balance sheet date, the carrying amounts of signing bonus and tuition loans receivable approximate their fair values. The signing bonus and tuition loans receivable are denominated in Singapore dollars.

### (a) Signing bonus receivable

	2021	2020
	\$	\$
At 1 January	384,373	376,216
Additions	731,397	628,171
Amortisation	(550,523)	(620,014)
At 31 December	<u>565,247</u>	<u>384,373</u>

### (b) Tuition loans receivable

	2021	2020
	\$	\$
At 1 January	609,381	550,002
Additions	566,419	256,941
Amortisation	(316,718)	(197,562)
At 31 December	<u>859,082</u>	<u>609,381</u>

## 10 Plant and equipment

	Leasehold improvements	Furniture and fixtures	Computer equipment	Computer software	Telephone equipment	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>							
At 1 January 2020	4,226,089	1,248,552	875,241	117,181	542,322	-	7,009,385
Additions	-	-	65,020	12,593	222,366	-	299,979
Disposals	-	(1,400)	(82,965)	(3,434)	(116,101)	-	(203,900)
31 December 2020	4,226,089	1,247,152	857,296	126,340	648,587	-	7,105,464
Additions	<b>52,117</b>		<b>356,645</b>	<b>8,828</b>	<b>105,668</b>	<b>18,414</b>	<b>541,672</b>
Disposals		<b>(33,680)</b>	<b>(281,748)</b>				<b>(315,428)</b>
<b>At 31 December 2021</b>	<b>4,278,206</b>	<b>1,213,472</b>	<b>932,193</b>	<b>135,168</b>	<b>754,255</b>	<b>18,414</b>	<b>7,331,708</b>
<b>Accumulated depreciation</b>							
At 1 January 2020	2,689,284	1,094,851	485,656	94,250	218,179	-	4,582,220
Depreciation for the year	1,061,425	40,844	237,773	7,827	96,577	-	1,444,446
Disposals	-	(1,400)	(82,965)	(3,434)	(116,101)	-	(203,900)
At 31 December 2020	3,750,709	1,134,295	640,464	98,643	198,655	-	5,822,766
Depreciation for the year	<b>401,625</b>	<b>38,917</b>	<b>269,993</b>	<b>9,602</b>	<b>131,312</b>		<b>851,449</b>
Disposals		<b>(33,680)</b>	<b>(281,748)</b>				<b>(315,428)</b>
<b>At 31 December 2021</b>	<b>4,152,334</b>	<b>1,139,532</b>	<b>628,709</b>	<b>108,245</b>	<b>329,967</b>	-	<b>6,358,787</b>
<b>Net book value</b>							
<b>At 31 December 2021</b>	<b>125,872</b>	<b>73,940</b>	<b>303,484</b>	<b>26,923</b>	<b>424,288</b>	<b>18,414</b>	<b>972,921</b>
At 31 December 2020	475,380	112,857	216,832	27,697	449,932	-	1,282,698

## 11 Trade and other receivables

	2021	2020
	\$	\$
Trade receivables - third parties	9,128,584	13,244,228
Contract assets – third parties	4,110,697	10,786,356
	<u>13,239,281</u>	<u>24,030,584</u>
Less: Loss allowance	(2,611,295)	(1,549,997)
	<u>10,627,986</u>	<u>22,480,587</u>
Grant receivables	-	208,961
Other receivables	148,826	263,416
	<u>10,776,812</u>	<u>22,952,964</u>

At the balance sheet date, the carrying amounts of trade and other receivables approximate their fair values.

Contract assets relate to fixed price consulting services contracts. The contract assets balance increased as the Company provided more services and transferred more services ahead of the agreed payment schedules.

Trade and other receivables are denominated in the following currencies:

	2021	2020
	\$	\$
Australian dollar	-	330
Euro	1,047,902	368,406
Singapore dollar	1,125,139	420,797
United States dollar	8,603,771	22,163,431
	<u>10,776,812</u>	<u>22,952,964</u>

## 12 Other current assets

	2021	2020
	\$	\$
Refundable deposits	23,440	30,066
Prepayments	88,558	101,400
	<u>111,998</u>	<u>131,466</u>

At the balance sheet date, the carrying amounts of refundable deposits approximate their fair values. The refundable deposits are denominated in Singapore dollars.

### 13 Cash and cash equivalents

	2021	2020
	\$	\$
Cash and bank balances	<u>16,837,926</u>	<u>12,046,051</u>

Cash and bank balances are denominated in the following currencies:

	2021	2020
	\$	\$
Singapore dollar	5,110,830	1,795,510
United States dollar	<u>11,727,096</u>	<u>10,250,541</u>
	<u>16,837,926</u>	<u>12,046,051</u>

At the balance sheet date, the carrying amounts of cash and bank balances approximate their fair values.

### 14 Deferred compensation plans

	2021	2020
	\$	\$
Long-term compensation	--	10,380
Phantom equity plan	<u>6,512,309</u>	<u>2,462,963</u>
	<u>6,512,309</u>	<u>2,473,343</u>

At the balance sheet date, the carrying amounts of deferred compensation plans approximate their fair values. These balances are denominated in United States dollars.

### 15 Provision for reinstatement cost

	2021	2020
	\$	\$
At 1 January and 31 December	<u>537,857</u>	<u>537,857</u>

At the balance sheet date, the carrying amounts of provision of reinstatement cost for the Company's leased office premise approximate their fair values. These balances are denominated in Singapore dollars.

## 16 Trade and other payables

	2021	2020
	\$	\$
Trade payables	1,732,851	3,087,298
Due to holding corporation – trade	112,548,042	119,410,529
Accrued payroll and related expenses	39,621,911	26,415,188
Deferred grant income	-	1,371,867
Other accrued expenses	1,000,160	2,228,981
	<u>154,902,964</u>	<u>152,513,863</u>

At the balance sheet date, the carrying amounts of trade and other payables approximate their fair values.

Trade and other payables are denominated in the following currencies:

	2021	2020
	\$	\$
Singapore dollar	154,696,523	152,091,305
United States dollar	191,176	421,793
Philippines Pesos	8,294	627
Malaysia Ringgit	-	138
Vietnam Don	-	-
Canadian Dollars	2,592	-
Indonesia Rupiah	649	-
Pounds Sterling	3,730	-
	<u>154,902,964</u>	<u>152,513,863</u>

## 17 Amount due to holding corporation

	2021	2020
	\$	\$
Amount due to holding corporation – non-trade	<u>200,000</u>	<u>200,000</u>

The non-trade amounts due to holding corporation are unsecured, interest-free and have no fixed terms of repayment. The non-trade amounts due to holding corporation are denominated in Singapore dollars.

## 18 Contract liabilities

Contract liabilities for consulting services contracts has increased due to more contracts in which the Company billed and received consideration ahead of the provision of services.

The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is \$288,845. (2020: \$863,510).

## 19 Significant related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties during the financial year on terms agreed between the parties concerned.

	2021	2020
	\$	\$
Professional support costs and technique know-how charged by holding corporation	13,373,812	8,823,764
Expenses attributable to holding/related corporations	20,816,251	19,830,910
Consultancy income charged to holding/related corporations	52,574,706	32,021,706
Expenses paid on behalf by related/holding corporations	6,956,513	5,624,945
Expenses paid on behalf of related/holding corporations	19,140,657	21,625,182
Expenses recharged to related corporations	1,366,188	1,448,881

Balances with related parties at the balance sheet date are set out in Note 17.

Key management's remuneration amounts to \$ 74,836,102 (2020 - \$48,094,781). Key management's remuneration includes salary, bonus and other enrolments (including benefits-in-kind) computed based on the cost incurred by the Company.

## 20 Leases

### Company as a lessee

The Company has lease contracts for building. The Company's obligations under these leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension options which are further discussed below.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Company has leases of office space with lease terms of 6 years, which has first renewal option of 3 years and a further option to renew for another 3 years. The Company has chosen to include the first renewal option.

### (a) Carrying amounts of right-of-use assets

	2021	2020
	\$	\$
At 1 January	8,732,534	11,227,544
Lease modification	75,847	-
Depreciation charge for the year	(2,510,978)	(2,495,010)
Balance at 31 December	<u>6,297,403</u>	<u>8,732,534</u>

## 20 Leases (cont'd)

### (b) Amounts recognised in profit or loss

	2021	2020
	\$	\$
Depreciation of right-of-use assets	230,978	245,000
Interest expense on lease liabilities (Note 7)	20,275	186,367
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term leases	300	325
Total amount recognised in profit or loss	<u>251,553</u>	<u>271,692</u>

### (c) Total cash outflow

The Company had total cash outflows for leases of \$2,752,072 (2020 : \$2,712,412) in 2021.

### (e) Extension options

The Company has lease contract that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

### (f) Lease modification

During the year, the Company has exercised the first renewal option for its leases of office space. In exercising the renewal option, the Company has negotiated revised lease payments. Accordingly, this has been accounted for as a lease modification

### Lease liabilities

	2021	2020
	\$	\$
<b><u>Lease liabilities – FRS 116</u></b>		
Current	263,235	257,189
Non-current	4,100,005	6,658,800
Total amount recognised in profit or loss	<u>6,732,740</u>	<u>9,207,690</u>

The movements in lease liabilities during the year are as follows:

	2021	2020
	\$	\$
<b>As at 1 January</b>	<b>9,207,690</b>	<b>11,733,735</b>
<b>Cash flows:</b>		
- Interest paid	(201,275)	(186,367)
- Payment of principal portion of lease liabilities	(2,550,797)	(2,526,045)
<b>Non-cash:</b>		
- Interest expense	201,275	186,367
- Lease modification	75,947	
<b>As at 31 December</b>	<b>6,732,740</b>	<b>9,207,690</b>



## 21 Financial risk management

The financial risk management of the Company is handled by the head office as part of the operations of the group. Risk management is carried out under policies provided by the holding corporation. The holding corporation provides guidelines for overall risk management, as well as policies covering specific areas. There were no changes in the Company's risk management policies in the current year.

### 21.1 Financial instruments by category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2021	2020
	\$	\$
<b>Financial assets measured at amortised cost</b>		
Trade and other receivables <sup>(1)</sup>	6,666,115	11,957,647
Other current assets	23,440	30,066
Cash and cash equivalents	16,837,926	12,046,051
	<u>23,527,481</u>	<u>24,033,764</u>
<b>Financial liabilities measured at amortised cost</b>		
Deferred compensation plans	6,512,309	2,473,343
Amount due to holding corporation	200,000	200,000
Trade and other payables <sup>(2)</sup>	154,902,964	151,141,996
Lease liabilities <sup>(3)</sup>	6,732,740	9,207,690
	<u>168,348,013</u>	<u>163,023,029</u>

<sup>(1)</sup> Excludes contract assets and grant receivable

<sup>(2)</sup> Excludes deferred grant income

<sup>(3)</sup> Lease liabilities are financial instruments although they are outside the scope of certain parts of FRS 107 and FRS 109. Lease liabilities are within the scope for FRS 107 disclosures (except for disclosure of fair value), and within the scope of FRS 109 derecognition

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (including currency risk, price risk and interest rate risk). The management has reviewed and agreed on policies for managing each of these risks and they are summarised below:

### 21.2 Market risk

#### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies. The Company transacts in foreign currencies such as Euro ("EURO"), Great Britain pounds ("GBP"), Philippine Peso ("PESO") and United States dollars ("USD"). The main currency that the Company is exposed to foreign currency risk is USD. The Company does not hedge against the volatility of future cash flows caused by changes in foreign currency rates.

## 21 Financial risk management (cont'd)

### 21.2 Market risk (cont'd)

#### Foreign currency risk (cont'd)

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2021	2020
	\$	\$
<b>Financial assets</b>		
Trade and other receivables	8,603,771	22,163,431
Cash and cash equivalents	11,727,096	10,250,541
	<u>20,330,867</u>	<u>32,413,972</u>
	2021	2020
	\$	\$
<b>Financial liabilities</b>		
Deferred compensation plans	6,512,309	2,473,343
Trade and other payables	191,176	421,793
	<u>6,703,485</u>	<u>2,895,136</u>
<b>Net currency exposure</b>	<u>13,627,382</u>	<u>29,518,836</u>

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end date for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where SGD weakens 5% against the relevant currency. For a 5% strengthening of the SGD against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Profit or loss (after tax)	
	2021	2020
	\$	\$
United States dollars	<u>565,536</u>	<u>1,225,032</u>

#### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices. The Company does not hold any quoted or marketable financial instrument and is not exposed to any movements in market prices.

## 21 Financial risk management (cont'd)

### 21.2 Market risk (cont'd)

#### 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 operating cash flows is substantially independent of changes in market interest rates. The Company has insignificant interest-bearing assets and liabilities.

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments comprising cash and cash equivalents at the reporting date.

### 22.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

#### (i) Risk management

The Company's exposure to credit risk arises primarily from trade receivables. The Company manages these risks by monitoring credit-worthiness of counterparties and limiting the aggregate risk to any individual counterparty.

#### (ii) Credit rating and impairment of financial assets

The Company uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses
Performing	Borrower or issuer have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Underperforming	Borrower or issuer for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 30 days past due	Lifetime expected credit losses
Nonperforming	Interest and/or principal payment are 90 days past due	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

## 21 Financial risk management (cont'd)

### 21.3 Credit risk (cont'd)

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Category	12-month of lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
<b>31 December 2021</b>					
Trade receivables	Simplified approach	Lifetime ECL	9,128,584	(2,611,295)	6,517,289
Contract assets	Simplified approach	Lifetime ECL	4,110,697	-	4,110,697
Other receivables	Performing	12-month ECL	148,826	-	148,826
			<b>13,388,107</b>	<b>(2,611,295)</b>	<b>10,776,812</b>
<b>31 December 2020</b>					
Trade receivables	Simplified approach	Lifetime ECL	13,244,228	(775,122)	12,469,106
Contract assets	Simplified approach	Lifetime ECL	10,786,356	(774,875)	10,011,481
Other receivables	Performing	12-month ECL	263,416	-	263,416
			<b>24,294,000</b>	<b>(1,549,997)</b>	<b>22,744,003</b>

For trade receivables and contract assets, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix. As at date of balance sheet, the ECLs for trade receivables and contract assets are \$2,611,295.

In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers.

For other receivables, the Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Cash and cash equivalents are placed with financial institutions which are regulated hence ECL on cash and cash equivalents is insignificant.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a receivable for write off when a debtor fails to engage in a repayment plan with the Company and based on historical collection trend. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

## 21 Financial risk management (cont'd)

### 22.4 Liquidity risk

The Company manages liquidity risk by maintaining cash and available funding sufficient to enable it to meet its operational requirements. The Company aims to maintain flexibility in funding by obtaining available funds from its head office.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	Carrying Amount	Undiscounted cash flow		
		Total	Less than 1 year	More than 1 year
<b>2021</b>		\$	\$	\$
Trade and other payables	154,902,964	154,902,964	154,902,964	
Deferred compensation plans	6,512,309	6,512,309	-	6,512,309
Amount due to holding corporation	200,000	200,000	-	200,000
Lease liabilities	6,732,740	6,979,333	2,791,733	4,187,600
	<b>168,348,013</b>	<b>168,594,606</b>	<b>157,694,697</b>	<b>10,899,909</b>

	Carrying Amount	Undiscounted cash flow		
		Total	Less than 1 year	More than 1 year
<b>2020</b>		\$	\$	\$
Trade and other payables	152,513,863	152,513,863	152,513,863	-
Deferred compensation plans	2,473,343	2,473,343	-	2,473,343
Amount due to holding corporation	200,000	200,000	-	200,000
Lease liabilities	9,207,690	9,493,439	2,712,411	6,781,028
	<b>164,394,896</b>	<b>164,680,645</b>	<b>155,226,274</b>	<b>9,454,371</b>

## 22 Capital management

The Company's objectives when managing capital are to ensure that the Company is adequately funded by the head office and to maintain an optimal balance with the head office and related corporations.

The Company is not subject to any externally imposed capital requirements.