Embry-Riddle Aeronautical University, Asia Ltd.
Registration Number: 200911992M

Annual Report
Year ended 30 June 2021

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 30 June 2021.

In our opinion:

(a) the financial statements set out on pages FS1 to FS29 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 the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards; and

(b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

John Robert Watret
Matthew Norman Flaherty
Charles William Sevastos
Randall Barry Howard
Quay Chew Eng

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, no director who held office at the end of the financial year (including those held by their spouses and children) had interest in shares, debentures, warrants or share options of the Company and in related corporations, either at the beginning or at the end of the financial year.

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 in or debentures of the Company or any other body corporate.

Share options

The Company is a company limited by guarantee and has no issued share capital.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

John Robert Watret
Director

Randall Barry Howard
Director

27 September 2021

KPMG

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Independent auditors' report

Member of the Company
Embry-Riddle Aeronautical University, Asia Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Embry-Riddle Aeronautical University, Asia Ltd. ('the Company'), which comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS29.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') 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 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 '*Auditors' 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 *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 the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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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 and FRSs, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 controls.

- Obtain an understanding of internal controls 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 controls.

- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that 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 controls that we identify during our audit.

Report on other legal and regulatory requirements

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 September 2021

Statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Plant and equipment	4	74,441	52,175
Right-of-use assets	20	190,821	187,097
Subsidiary	5	–	–
Deferred tax assets	6	19,129	–
Non-current assets		284,391	239,272
Trade and other receivables	7	841,311	1,058,968
Prepayments		53,432	21,541
Cash and cash equivalents	8	1,125,729	1,618,430
Current assets		2,020,472	2,698,939
Total assets		2,304,863	2,938,211
Equity			
Retained earnings/(Accumulated losses)		655,984	(116,114)
Total equity		655,984	(116,114)
Liabilities			
Lease liabilities	10	278	3,563
Non-current liabilities		278	3,563
Trade and other payables	9	377,274	1,799,948
Lease liabilities	10	190,886	186,217
Provision	11	49,000	49,000
Deferred revenue	12	917,019	990,427
Provision for taxation		114,422	25,170
Current liabilities		1,648,601	3,050,762
Total liabilities		1,648,879	3,054,325
Total equity and liabilities		2,304,863	2,938,211

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
Year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	13	4,815,871	5,531,743
Interest income		785	1,167
Interest expense		(2,630)	(8,297)
Other income	14	267,969	182,156
Depreciation of plant and equipment	4	(23,739)	(17,979)
Depreciation of right-of-use assets	20	(221,106)	(219,722)
Employee benefits expense	15	(1,846,942)	(1,590,858)
Other operating expenses		(2,122,817)	(3,074,020)
Profit before tax	16	867,391	804,190
Tax expense	17	(95,293)	(25,170)
Profit for the year/Total comprehensive income for the year		772,098	779,020

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 30 June 2021

	(Accumulated losses)/ Retained earnings $
At 1 July 2019	(895,134)
Total comprehensive income for the year	
Profit for the year	779,020
Total comprehensive income for the year	779,020
At 30 June 2020	(116,114)
At 1 July 2020	(116,114)
Total comprehensive income for the year	
Profit for the year	772,098
Total comprehensive income for the year	772,098
At 30 June 2021	655,984

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 30 June 2021

	Note	2021	2020
		$	$
Cash flows from operating activities			
Profit before tax		867,391	804,190
Adjustments for:			
- bad debt written off		23,457	3,394
- depreciation of plant and equipment	4	23,739	17,979
- depreciation of right-of-use assets	20	221,106	219,722
- interest income		(785)	(1,167)
- interest expense		2,630	8,297
- loss on disposal of plant and equipment		941	–
		1,138,479	1,052,415
Changes in:			
- trade and other receivables		194,200	(220,954)
- prepayments		(31,891)	127,339
- trade and other payables		(1,422,674)	(1,189,148)
- deferred revenue		(73,408)	424,200
Cash (used in)/generated from operating activities		(195,294)	193,852
Tax paid		(25,170)	–
Net cash (used in)/from operating activities		(220,464)	193,852
Cash flows from investing activities			
Interest income		785	1,167
Purchase of plant and equipment	4	(46,946)	(63,663)
Movement in fixed deposits pledged		(785)	(1,167)
Net cash used in investing activities		(46,946)	(63,663)
Cash flows from financing activities			
Interest paid		(2,630)	(8,297)
Payments for lease liabilities		(223,446)	(217,039)
Net cash used in financing activities		(226,076)	(225,336)
Net decrease in cash and cash equivalents		(493,486)	(95,147)
Cash and cash equivalents at 1 July		1,512,485	1,607,632
Cash and cash equivalents at 30 June	8	1,018,999	1,512,485

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 September 2021.

1 Domicile and activities

Embry-Riddle Aeronautical University, Asia Ltd. ('the Company') is incorporated in the Republic of Singapore. The address of the Company's registered office is 75 Bukit Timah Road, #02-01/02, Boon Siew Building, Singapore 229833.

The principal activities of the Company are to provide teaching and research in the area of aeronautics and aerospace to tertiary institutions, regulatory agencies, and airlines.

The Company's member is Embry-Riddle Aeronautical University, Inc, a company incorporated in United States.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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 (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in note 21.

2.5 New standards and amendments

A number of new FRSs, amendments to and interpretations of FRS were effective for the annual period beginning on 1 July 2020. The application of these FRSs, amendments to standards and interpretations did not have a material effect on the Company's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Subsidiary

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is stated in the Company's statement of financial position at cost less accumulated impairment losses. On disposal of the investment, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company classifies its non-derivative financial assets as measured at amortised cost.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits with banks which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents excludes any pledged deposits.

3.4 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Office equipment — 3 years
- Computer equipment — 3 years
- Renovation — 6 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation, if no impairment loss had been recognised.

3.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

3.7 Contract costs

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations, and are expected to be recovered. These costs are amortised consistently with the pattern of revenue for the related contract. Other costs are expensed as incurred. The Company has applied the practical expedient and recognised the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

3.8 Revenue recognition

Tuition fees

Tuition fees is recognised when the Company satisfies a performance obligation (PO) by transferring control of a service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services.

Revenue is recognised over time following the timing of satisfaction of the PO.

3.9 Interest income and interest expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.10 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.11 Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease terms of right-of-use assets are as follows:

- Office premises 2 years
- Office equipment 3 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.14 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements. The Company does not expect the application of the new or amended standards and interpretations to have an impact on its financial statements.

4 Plant and equipment

	Office equipment $	Computer equipment $	Renovation $	Total $
Cost				
At 1 July 2019	15,005	84,393	377,808	477,206
Additions	45,342	18,321	–	63,663
At 30 June 2020	60,347	102,714	377,808	540,869
Additions	1,800	26,112	19,034	46,946
Disposal	(941)	–	–	(941)
Written off	–	(19,849)	(3,580)	(23,429)
At 30 June 2021	61,206	108,977	393,262	563,445
Accumulated depreciation				
At 1 July 2019	10,385	82,522	377,808	470,715
Depreciation for the year	16,942	1,037	–	17,979
At 30 June 2020	27,327	83,559	377,808	488,694
Depreciation for the year	15,407	7,010	1,322	23,739
Written off	–	(19,849)	(3,580)	(23,429)
At 30 June 2021	42,734	70,720	375,550	489,004
Carrying amounts				
At 1 July 2019	4,620	1,871	–	6,491
At 30 June 2020	33,020	19,155	–	52,175
At 30 June 2021	18,472	38,257	17,712	74,441

5 Subsidiary

	2021 $	2020 $
Equity investment at cost	–	–

Details of the Company's subsidiary as at 30 June 2021 is as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Ownership interest 2021 %	Ownership interest 2020 %
ERAU Asia Institute, Ltd.[1]	Private Education Institute offering higher education programmes	Singapore	100	100

[1] ERAU Asia Institute, Ltd. is a company limited by guarantee and does not have share capital. The Company has undertaken to contribute to the assets of the subsidiary in the event of the same being wound up during the time the Company is a member, or within one year afterwards for payment of the debts and liabilities of the subsidiary contracted before the Company ceases to be a member, and the costs, charges and expenses of winding up the same, and for adjusting the rights of the contributors amongst themselves, such amount as may be required, not exceeding the sum of $100.

Consolidated financial statements of the Company and its subsidiary have not been prepared as the Company is a wholly-owned subsidiary of the member, Embry-Riddle Aeronautical University, Inc., which prepares the consolidated financial statements.

6 Deferred tax assets

Deferred tax assets of the Company are attributable to the following:

	2021 $	2020 $
Plant and equipment	(3,961)	–
Provisions	23,090	–
	19,129	–

Movement in deferred tax assets (prior to offsetting of balances) during the year are as follows:

	At 1 July 2019 $	Recognised in profit or loss (Note 17) $	At 30 June 2020 $	Recognised in profit or loss (Note 17) $	At 30 June 2021 $
Deferred tax assets					
Plant and equipment	–	–	–	(3,961)	(3,961)
Provisions	–	–	–	23,090	23,090
	–	–	–	19,129	19,129

7 Trade and other receivables

	2021 $	2020 $
Trade receivables	745,664	882,848
Deposits	83,740	107,500
Amounts due from subsidiary (non-trade)	11,907	–
Grant receivables	–	68,620
	841,311	1,058,968

The non-trade amounts due from subsidiary are unsecured, interest free and repayable on demand.

Grant receivables were related to the Job Support Scheme (JSS) grant receivable from the government.

8 Cash and cash equivalents

	2021	2020
	$	$
Cash and bank balances	1,018,999	1,512,485
Fixed deposits 1	50,566	50,556
Fixed deposits 2	56,164	55,389
	1,125,729	1,618,430

The fixed deposits 1 are pledged to a bank as security for credit card facilities granted to the Company. The fixed deposits bear an interest rate of 0.05% to 1.40% (2020: 0.05% to 1.40%) per annum with maturity of 1 to 14 months (2020: 1 to 26 months) from the end of the reporting period.

The fixed deposits 2 are pledged to a bank as banker guarantee for the premises occupied on an operating lease agreement. This deposit bears interest rate of 0.15% to 1.40% (2020: 0.15% to 1.40%) per annum with maturity of 1 to 10 months (2020: 1 to 10 months) from the end of the reporting period.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2021	2020
	$	$
Cash and bank balances	1,018,999	1,512,485
Fixed deposits	106,730	105,945
	1,125,729	1,618,430
Fixed deposits pledged	(106,730)	(105,945)
Cash and cash equivalents in the statement of cash flows	1,018,999	1,512,485

9 Trade and other payables

	2021	2020
	$	$
Third parties	97,727	154,066
Accrued operating expenses	265,958	176,774
Amounts due to member (non-trade)	75	1,393,853
Deferred grant income	13,514	75,255
	377,274	1,799,948

The non-trade amounts due to member are unsecured, interest free and repayable on demand.

10 Lease liabilities

	2021 $	2020 $
Lease liabilities		
Non-current	278	3,563
Current	190,886	186,217
	191,164	189,780

Terms and conditions of lease liabilities are as follows:

	Nominal interest rate	Year of maturity	Face value $	Carrying amount $
2021				
Lease liabilities	1.56%	2022	192,314	191,164
2020				
Lease liabilities	2.88%	2021 – 2022	191,950	189,780

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Lease liabilities $
Balance at 1 July 2019	406,819
Changes from financing cash flows	
Interest paid	(8,297)
Payments for lease liabilities	(217,039)
Total changes from financing cash flows	(225,336)
Other changes	
Interest expense	8,297
Balance at 30 June 2020	189,780
Balance at 1 July 2020	189,780
Changes from financing cash flows	
New lease	224,830
Interest paid	(2,630)
Payments for lease liabilities	(223,446)
Total changes from financing cash flows	(1,246)
Other changes	
Interest expense	2,630
Balance at 30 June 2021	191,164

11 Provision

Provision for reinstatement costs consists of estimated costs of dismantlement, removal or restoration of plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of plant and equipment.

12 Deferred revenue

Deferred revenue is the obligation to transfer teaching services to students for which the Company has received consideration (or an amount of consideration is due) from the students. If a student pays consideration before the Company transfers teaching services to the student, deferred revenue is recognised when the payment is made or the payment is due (whichever is earlier). Deferred revenue is recognised as revenue when the Company performs under the contract.

Significant changes in the deferred revenue balance during the year are as follows:

	2021 $	2020 $
Revenue recognised that was included in the deferred revenue balance at the beginning of the year	990,427	566,227
Increases due to cash received, excluding amounts recognised as revenue during the year	(917,019)	(990,427)

13 Revenue

	2021 $	2020 $
Tuition fees	4,815,871	5,531,743

Revenue is recognised, over the period teaching services are provided. Invoices are issued before the start of each school term and are payable within 30 days.

Transaction price allocated to the remaining performance obligations

As at 30 June 2021, $8,147,411 (2020: $7,363,042) will be recognised as revenue by reference to period teaching services are provided, which is expected to complete over the next three years.

14 Other income

	2021 $	2020 $
Foreign exchange gain, net	49,507	–
Government grants and other reliefs	198,110	143,314
Others	20,352	38,842
	267,969	182,156

Government grants and other reliefs include JSS grant, Wage Credit Scheme ("WCS") grant and government-paid maternity leave.

15 Employee benefits expense

	2021 $	2020 $
Salaries, wages and other benefits	1,578,186	1,348,372
Contribution to defined contribution plan	175,951	144,773
Others	92,805	97,713
	1,846,942	1,590,858

The above employee benefits expense includes Director's remuneration as disclosed in note 19 to the financial statements.

16 Profit before tax

The following items have been included in arriving at profit before tax:

	2021 $	2020 $
Advertising expenses	145,845	190,775
Bad debt written off	23,457	3,394
Loss on disposal of plant and equipment	941	–
Entertainment expenses	92	1,999
Foreign exchange loss, net	–	80,094
Lecturers' expenses	333,492	567,201
Professional services	54,085	52,797
Tuition fee commission	1,258,900	1,500,660
Travelling expenses	20	64,917

17 Tax expense

	2021 $	2020 $
Current tax expense		
Current year	114,422	25,170
Deferred tax expense		
Origination and reversal of temporary differences	(19,129)	–
	95,293	25,170

Reconciliation of effective tax rate

	2021 $	2020 $
Profit before tax	867,391	804,190
Tax calculated using the Singapore tax rate of 17% (2020: 17%)	147,456	136,712
Expenses not deductible for income tax purposes	12,108	19,344
Income not subject to income tax	(28,171)	–
Enhanced tax deduction	(17,425)	(17,425)
Utilisation of deferred tax assets previously not recognised	(18,675)	(113,461)
	95,293	25,170

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2021 $	2020 $
Deductible temporary differences	–	109,850

As of 30 June 2020, deferred tax assets were not recognised as there was no certainty that there will be sufficient future taxable profits to realise these future benefits.

18 Member's guarantee

The member of the Company is Embry-Riddle Aeronautical University, Inc.

The Memorandum of Association of the Company provides that the liability of the Company's members is limited and every member of the Company undertakes to contribute to the assets of the Company in the event of the same being wound up during the time he is a member, or within one year afterwards for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and the costs, charges and expenses of winding up the same, and for adjusting the rights of the contributors amongst themselves, such amount as may be required, not exceeding the sum of $100.

19 Related party transaction

Key management personnel remuneration

The key management's remuneration includes fees, salary, bonus and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Company, and where the Company did not incur any costs, the value of the benefit. The remuneration of key management personnel of the Company during the financial year is as follows:

	2021 $	2020 $
Director		
Salaries, wages and other short-term employee benefits	345,468	218,734

Other related party transactions

	2021 $	2020 $
With the member		
Expenses paid on behalf of the Company	103,829	125,322

20 Leases

Leases as lessee

The Company leases office premises and office equipment. The leases typically run for a period of 2 to 3 years.

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Office premises $	Office equipment $	Total $
Balance at 1 July 2019	396,964	9,855	406,819
Depreciation charge for the year	(216,526)	(3,196)	(219,722)
Balance at 30 June 2020	180,438	6,659	187,097
Balance at 1 July 2020	180,438	6,659	187,097
Addition	224,830	–	224,830
Depreciation charge for the year	(217,910)	(3,196)	(221,106)
Balance at 30 June 2021	187,358	3,463	190,821

Amounts recognised in profit or loss

	2021 $	2020 $
Interest on lease liabilities	2,630	8,297

Amounts recognised in statement of cash flows

	2021 $	2020 $
Total cash outflow for leases	226,076	225,336

21 Financial risk management

Financial risk management

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management objectives and policies

Exposure to credit, liquidity, foreign currency and interest rate risks arises in the normal course of the Company's business activities. These risks are limited by the Company's financial management policies and practices described below.

Credit risk

The Company has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

At the reporting date, there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Expected credit loss assessment as at 30 June 2021

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 30 June:

	Gross carrying amount $	Impairment loss allowance $	Credit impaired
2021			
Current (not past due)	776,634	–	No
1 – 30 days past due	5,596	–	No
31 – 60 days past due	12,589	–	No
61 – 90 days past due	75	–	No
More than 90 days	46,417	–	No
	841,311	–	
2020			
Current (not past due)	899,668	–	No
1 – 30 days past due	41,741	–	No
31 – 60 days past due	19,290	–	No
61 – 90 days past due	1,174	–	No
More than 90 days	97,095	–	No
	1,058,968	–	

Based on actual credit loss experience over the past three years and Company's view of economic conditions over the expected lives of the receivables, the Company considers the loss rates to be negligible.

Trade receivables

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances. Loss rates are based on actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECL for trade receivables as at 30 June 2021 is negligible.

Other receivables

The Company assesses on a forward-looking basis the ECLs associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company considers that the credit risk of these counterparties has not increased.

The Company considers the amount of the allowance on other receivables to be negligible.

Cash and cash equivalents

The Company held cash and cash equivalents of $1,125,729 as at 30 June 2021 (2020: $1,618,430), which represents its maximum credit exposure on these assets. Cash is placed with financial institutions which are regulated and have good credit standing.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amount $	**Contractual cash flows $**	**Within 1 year $**	**Between 1 - 5 years $**
2021				
Non-derivative financial liabilities				
Other payables*	(363,760)	(363,760)	(363,760)	–
Lease liabilities	(191,164)	(192,314)	(192,036)	(278)
	(554,924)	(556,074)	(555,796)	(278)

		Cash flows		
	Carrying amount	**Contractual cash flows**	**Within 1 year**	**Between 1 - 5 years**
	$	**$**	**$**	**$**
2020				
Non-derivative financial liabilities				
Other payables*	(1,724,693)	(1,724,693)	(1,724,693)	–
Lease liabilities	(189,780)	(191,950)	(188,336)	(3,614)
	(1,914,473)	(1,916,643)	(1,913,029)	(3,614)

* Excluding deferred grant income

Foreign exchange risk

The Company is exposed to foreign currency risk on bank balances and purchases that are denominated in currencies other than the functional currency of the Company. The currency giving rise to this risk is primarily the United States dollar. The Company does not hedge these exposures by purchasing forward currency contracts. However, the Board keeps this policy under review.

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	United States dollar	
	2021	**2020**
	$	**$**
Cash and cash equivalents	127,224	8,953
Other payables	(75)	(1,393,853)
Net exposure	127,149	(1,384,900)

Sensitivity analysis

The following table details the Company's sensitivity to a 5% change in United States dollar against the Singapore dollar. The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar is included in the analysis.

	Increase/(Decrease) Profit or loss	
	2021	**2020**
	$	**$**
United States dollar		
Strengthens against Singapore dollar	6,357	(69,245)
Weakens against Singapore dollar	(6,357)	69,245

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates mainly to bank balances and deposits with financial institutions.

The management does not expect any material impact on profit or loss arising from the effects of reasonably possible changes to interest rates.

Accounting classification and fair values

The carrying amounts of financial assets and liabilities shown in the statement of financial position are as follows.

	Note	Amortised cost $	Other financial liabilities $	Total carrying amount $
2021				
Financial assets not measured at fair value				
Trade and other receivables	7	841,311	–	841,311
Cash and cash equivalents	8	1,125,729	–	1,125,729
		1,967,040	–	1,967,040
Financial liabilities not measured at fair value				
Other payables*	9	–	(363,760)	(363,760)
2020				
Financial assets not measured at fair value				
Trade and other receivables	7	1,058,968	–	1,058,968
Cash and cash equivalents	8	1,618,430	–	1,618,430
		2,677,398	–	2,677,398
Financial liabilities not measured at fair value				
Other payables*	9	–	(1,724,693)	(1,724,693)

* Excluding deferred grant income

Fair value hierarchy information on financial assets and financial liabilities not measured at fair value are not included as the carrying amounts are a reasonable approximation of fair values.