

# ASIAN BUSINESS LAW INSTITUTE

*(Public company limited by guarantee)*

*(Incorporated in Singapore. Registration Number: 201500327G)*

## ANNUAL REPORT

*For the financial year ended 31 March 2018*

# **ASIAN BUSINESS LAW INSTITUTE**

*(Public company limited by guarantee)  
(Incorporated in Singapore)*

## **ANNUAL REPORT**

*For the financial year ended 31 March 2018*

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## ASIAN BUSINESS LAW INSTITUTE

### DIRECTORS' STATEMENT

*For the financial year ended 31 March 2018*

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#### Directors' statement

Asian Business Law Institute (the "Company") was incorporated under the Companies Act (Cap. 50) on 2 January 2015 and is a registered Charity with the Commissioner of Charities under the Charities Act (Cap. 37).

Charity Registration Date: 27 October 2016  
Unique Entity Number: 201500327G  
Registered Address: 1 Supreme Court Lane, #06-00, Singapore 178879

The objectives of the Company are to initiate, conduct and facilitate research and produce authoritative texts with a view to providing practical guidance in the field of Asian legal development and promoting the convergence of Asian business laws.

The directors present their statement to the member together with the audited financial statements for the financial year ended 31 March 2018.

#### Directors' Opinion

In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 22 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; 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.

#### Directors

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

<u>Name</u>	<u>Date of Appointment</u>
Serene Wee Kheng Lian	2 January 2015
Sriram Sudarsanan Chakravarthi	2 January 2015
Paul Neo Tien Song	3 May 2016

**ASIAN BUSINESS LAW INSTITUTE**

**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2018*

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**Directors' Interests**

The Company is a public company limited by guarantee and has no share capital. There were no shares or debentures issued.

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except for the employment relationship between the directors and the member of the Company for which the directors have received remuneration in that capacity.

**Share Options**

The Company is a public company limited by guarantee and has no share capital. As such, there are no share options or unissued shares under option.

**Independent auditor**

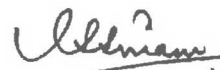
The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



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Serene Wee Kheng Lian  
Director



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Sriram Sudarsanan Chakravarthi  
Director

3 August 2018

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASIAN BUSINESS LAW INSTITUTE**

### **Report on the Audit of the Financial Statements**

#### **Our opinion**

In our opinion, the accompanying financial statements of Asian Business Law Institute (the "Company") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Companies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

#### *What we have audited*

The financial statements of the Company comprise:

- the statement of comprehensive income for the financial year ended 31 March 2018;
- the balance sheet as at 31 March 2018;
- the statement of changes in equity for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

#### **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

#### *Independence*

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.

#### **Other Information**

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASIAN BUSINESS LAW INSTITUTE (continued)**

### **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 Companies Act, the Charities Act and Regulations 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASIAN BUSINESS LAW INSTITUTE (continued)**

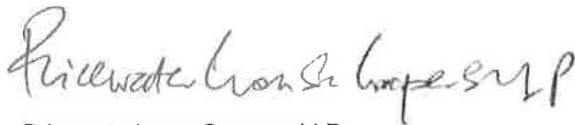
**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

**Report on Other Legal and Regulatory Requirements**

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

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year the Company has not complied with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.



PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 3 August 2018

**ASIAN BUSINESS LAW INSTITUTE**

**STATEMENT OF COMPREHENSIVE INCOME**

*For the financial year ended 31 March 2018*

	Note	2018 \$	2017 \$
Interest income from bank deposits		4,525	6,843
Donation income	5	163,300	509,900
		<u>167,825</u>	<u>516,743</u>
Expenditure:			
Secondment fees		(233,382)	(169,288)
Employee benefits	7	(161,324)	-
Professional fees		(134,870)	(36,944)
Other expenses	6	(109,045)	(35,786)
Grants			
- Deferred capital grant amortised	15	3,638	1,349
- Grants utilised	14	662,221	240,669
		<u>195,063</u>	<u>516,743</u>
Profit before income tax		195,063	516,743
Income tax expense	8	(27,238)	-
<b>Profit after tax and total comprehensive income</b>		<u>167,825</u>	<u>516,743</u>

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



## ASIAN BUSINESS LAW INSTITUTE

### BALANCE SHEET

As at 31 March 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	1,155,298	1,235,095
Other receivables	10	493	2,971
Other current assets	11	14,950	214
		<u>1,170,741</u>	<u>1,238,280</u>
<b>Non-current asset</b>			
Plant and equipment	12	5,928	9,566
		<u>1,176,669</u>	<u>1,247,846</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	13	48,490	92,298
Amount due to Member		77,445	32,328
Grants received in advance	14	334,505	598,416
Current income tax liabilities	8	27,238	-
		<u>487,678</u>	<u>723,042</u>
<b>Non-current liability</b>			
Deferred capital grant	15	5,928	9,566
		<u>493,606</u>	<u>732,608</u>
<b>Net assets</b>			
		<u>683,063</u>	<u>515,238</u>
<b>EQUITY</b>			
Retained earnings		683,063	515,238
<b>Total equity</b>		<u>683,063</u>	<u>515,238</u>

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

**ASIAN BUSINESS LAW INSTITUTE**

**STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 31 March 2018*

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	Retained earnings/ (accumulated losses) \$
<b>2018</b>	
<b>Beginning of financial year</b>	515,238
Profit after tax and total comprehensive income	167,825
<b>End of financial year</b>	<u><b>683,063</b></u>
<b>2017</b>	
<b>Beginning of financial year</b>	(1,505)
Profit after tax and total comprehensive income	516,743
<b>End of financial year</b>	<u><b>515,238</b></u>

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

**ASIAN BUSINESS LAW INSTITUTE****STATEMENT OF CASH FLOWS***For the financial year ended 31 March 2018*

	Note	2018 \$	2017 \$
<b>Cash flow from operating activities</b>			
Profit after tax		167,825	516,743
Adjustment for:			
- Income tax expense		27,238	-
- Interest income		(4,525)	(6,843)
- Donation income		(163,300)	(509,900)
- Grants utilised		(662,221)	(240,669)
- Amortisation of deferred capital grant		(3,638)	(1,349)
- Depreciation of plant and equipment		3,638	1,349
		<u>(634,983)</u>	<u>(240,669)</u>
Change in working capital:			
- Other receivables		396	(396)
- Other current assets		(14,736)	(214)
- Other payables		(43,808)	89,798
- Amount due to member		45,117	32,328
<b>Net cash used in operating activities</b>		<u>(648,014)</u>	<u>(119,153)</u>
<b>Cash flow from investing activities</b>			
Purchase of plant and equipment		-	(10,915)
Interest received		6,607	4,426
<b>Net cash generated from/(used in) investing activities</b>		<u>6,607</u>	<u>(6,489)</u>
<b>Cash flow from financing activities</b>			
Donation received		163,300	509,900
Grant received		398,310	600,000
<b>Net cash provided by financing activities</b>		<u>561,610</u>	<u>1,109,900</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(79,797)</b>	984,258
Cash and cash equivalents at the beginning of financial year		<u>1,235,095</u>	<u>250,837</u>
<b>Cash and cash equivalents at the end of financial year</b>	9	<u>1,155,298</u>	<u>1,235,095</u>

The reconciliation of liabilities arising from financing activities is disclosed in Note 14.

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

## ASIAN BUSINESS LAW INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2018*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### 1. General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 1 Supreme Court Lane, #06-00, Singapore 178879.

Under Clause 6 of the Memorandum and Articles of Association of the Company, each Member of the Company undertakes to contribute a sum not exceeding \$100 to the assets of the Company in the event of it being wound up. As at 31 March 2018 and 31 March 2017, The Singapore Academy of Law was the sole member (the "Member").

The Company's immediate and ultimate holding entity is The Singapore Academy of Law, established and domiciled in Singapore.

The principal activities of the Company are to conduct legal research, training and development of Asian business laws.

The related party transactions presented in these financial statements refers to transactions with the Supreme Court of Singapore (the "related party").

#### 2. Significant accounting policies

##### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below:

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

##### ***Interpretations and amendments to published standards effective in 2018***

On 1 April 2017, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial period. 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.

## ASIAN BUSINESS LAW INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2018*

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#### 2. Significant accounting policies (continued)

##### 2.2 Revenue recognition

Interest income is recognised using the effective interest method.

Donations are recognised as income upon receipt.

##### 2.3 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

##### 2.4 Plant and equipment

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

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 future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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

	<u>Useful lives</u>
Computer equipment	3 years

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.

##### 2.5 Impairment of non-financial assets

Plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

## ASIAN BUSINESS LAW INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2018*

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## 2. Significant accounting policies (continued)

### 2.5 Impairment of non-financial assets

For the purpose of impairment testing of the assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

### 2.6 Loans and receivables

Cash and cash equivalents  
Other receivables  
Other current assets

Cash and cash equivalents, other receivables and other current assets are initially recognised at their fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

## ASIAN BUSINESS LAW INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2018*

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#### **2. Significant accounting policies (continued)**

##### **2.6 Loans and receivables (continued)**

The allowance for impairment loss account is reduced through income or expenditure in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognized in prior periods.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

##### **2.7 Other payables**

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

##### **2.8 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institution which are subject to an insignificant risk of change in value.

##### **2.9 Grants**

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Grants related to assets are credited to a deferred capital grant account and are released to profit or loss on a straight line basis over the estimated useful lives of the relevant assets.

Grants in respect of the current year's operation are recognised as income in the same year. Where the operating grant is received with conditions attached, the income is recognised in the same period provided there is sufficient evidence that the conditions will be met.

## ASIAN BUSINESS LAW INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 3. Critical accounting, assumptions and judgements

Management assessed and concluded that there are no critical accounting estimates and assumptions made by the Company that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. Charity status & income tax

With effect from 27 October 2016, the Company is registered as a charity with the Commissioner of Charities under the Singapore Charities Act (Cap. 37) and is exempted from income tax under the provision of the Income Tax Act (Cap. 134).

#### 5. Donation income

The donations are moneys received from organisations to support the Company's works on the convergence of Asian Business Law and its legal research projects.

#### 6. Other expenses

	2018	2017
	\$	\$
Depreciation (Note 12)	3,638	1,349
Event and related expenses	55,883	7,260
Marketing and promotion expenses	3,064	-
Printing and stationery	2,472	5,479
Rental and utilities expenses	19,938	11,616
Repair and maintenance	5,243	2,354
Research expense	2,211	1,407
Telephone expense	3,218	227
Miscellaneous expenses	13,378	6,094
	<u>109,045</u>	<u>35,786</u>

#### 7. Employee benefits

	2018	2017
	\$	\$
Wages and salaries	157,638	-
Employer's contribution to defined contribution plans including Central Provident Fund	3,686	-
	<u>161,324</u>	<u>-</u>

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## ASIAN BUSINESS LAW INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

#### 8. Income taxes

##### (a) Income tax expense

	2018 \$	2017 \$
Under provision in prior financial years:		
- Current income tax	27,238	-
	<u>27,238</u>	<u>-</u>

##### (b) Movements in current income tax liabilities

	2018 \$	2017 \$
Beginning of financial year	-	-
Underprovision in prior financial years	27,238	-
End of financial year	<u>27,238</u>	<u>-</u>

With effect from 27 October 2016, the Company is registered as a charity with the Commissioner of Charities under the Singapore Charities Act (Cap. 37) and is exempted from income tax under the provision of the Income Tax Act (Cap. 134).

#### 9. Cash and cash equivalents

	2018 \$	2017 \$
Cash at bank and on hand	655,298	135,095
Fixed deposits with a financial institution	500,000	1,100,000
	<u>1,155,298</u>	<u>1,235,095</u>

The fixed deposits placed with a financial institution have an average maturity of 5 months (2017: 3 months) from the financial period end and have a weighted-average effective interest rate of 0.8% (2017: 1%) per annum at the end of the financial year.

#### 10. Other receivables

	2018 \$	2017 \$
Other receivables - related party	-	396
Interest receivable	493	2,575
	<u>493</u>	<u>2,971</u>

**ASIAN BUSINESS LAW INSTITUTE**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

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**10. Other receivables (continued)**

In 2017, other receivables from a related party was unsecured, interest-free and repayable on demand.

**11. Other current assets**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Prepayments	<u><b>14,950</b></u>	<u>214</u>

**12. Plant and equipment**

	<u>Computer equipment</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>
<b>2018</b>		
<u>Cost</u>		
Beginning and end of financial year	<u>10,915</u>	<u>10,915</u>
<u>Accumulated depreciation</u>		
Beginning of financial year	1,349	1,349
Depreciation charge (Note 6)	<u>3,638</u>	<u>3,638</u>
End of financial year	<u>4,987</u>	<u>4,987</u>
<b>Net book value</b>		
<b>At 31 March 2018</b>	<u><b>5,928</b></u>	<u><b>5,928</b></u>
<b>2017</b>		
<u>Cost</u>		
Beginning of financial year	-	-
Additions	<u>10,915</u>	<u>10,915</u>
End of financial year	<u>10,915</u>	<u>10,915</u>
<u>Accumulated depreciation</u>		
Beginning of financial year	-	-
Depreciation charge (Note 6)	<u>1,349</u>	<u>1,349</u>
End of financial year	<u>1,349</u>	<u>1,349</u>
<b>Net book value</b>		
<b>At 31 March 2017</b>	<u><b>9,566</b></u>	<u><b>9,566</b></u>

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## ASIAN BUSINESS LAW INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 13. Other payables

	2018 \$	2017 \$
Other payables to:		
- non-related parties	26,037	46,647
- related parties	3,626	1,632
- director	-	148
	<b>29,663</b>	48,427
Accrued operating expenses	<b>18,827</b>	43,871
	<b>48,490</b>	92,298

Other payables to related parties and director are unsecured, interest-free and repayable on demand.

#### 14. Grants received in advance

	2018 \$	2017 \$
Beginning of financial year	598,416	250,000
Grants received during the year	398,310	600,000
Transfer to deferred capital grant (Note 15)	-	(10,915)
Transfer to statement of comprehensive income	(662,221)	(240,669)
End of financial year	<b>334,505</b>	598,416

Grant amounting to \$398,310 and \$600,000 were received in 2018 and 2017 respectively from the Government to support the operations of the Company.

#### 15. Deferred capital grant

	2018 \$	2017 \$
Beginning of financial year	9,566	-
Transfer from grants received in advance (Note 14)	-	10,915
Transfer to statement of comprehensive income	(3,638)	(1,349)
End of financial year	<b>5,928</b>	9,566

Deferred capital grants are transferred to profit or loss over the periods necessary to match the depreciation of the assets purchased with the grants.

## ASIAN BUSINESS LAW INSTITUTE

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 16. Related party transactions

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions, at terms agreed between the parties concerned:

(a) Income and expenditure for services

	2018	2017
	\$	\$
Secondment fees and other fees paid/payable to Member	100,170	60,646
Rental expense payable to Member	19,938	11,616
Payment on behalf for a related party	-	396
Rental expense payable to a related party	3,626	1,632
Operating expenses paid on behalf by Member	<u>293,552</u>	<u>22,364</u>

(b) Key management personnel compensation

Key management personnel comprise mainly directors and executives who have the authority and responsibilities for planning, directing and controlling the activities of the Company. Key management personnel are not employees of the Company. The Company incurred a secondment fee amounting to \$150,000 (2017: \$108,468) and professional fees amounting to \$131,250 (2017: \$31,250) for their services rendered to the Company.

#### 17. Financial risk management

The Company's activities expose it to credit risk and liquidity risk.

The Member of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Company. The financial risk management of the Company is handled by the Member.

(a) Market risk

(i) *Currency risk*

The Company's business is not exposed to any significant foreign exchange risk. The Company's transactions and balances are substantially denominated in Singapore Dollar.

(ii) *Price risk*

The Company is not exposed to equity price risk as the Company does not hold any equity financial assets.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

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**17. Financial risk management (continued)**

(a) Market risk (continued)

(iii) *Interest rate risk*

The Company has insignificant exposure to interest rate risks.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits.

The Company places its cash and fixed deposits with banks and financial institutions in Singapore. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet.

(c) Liquidity risk

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

	Less than <u>1 year</u> \$
<b>At 31 March 2018</b>	
Other payables	48,490
Amount due to Member	<u>77,445</u>
<b>At 31 March 2017</b>	
Other payables	92,298
Amount due to Member	<u>32,328</u>

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and monitor its capital based on retained earnings. The Company is not subject to any externally imposed capital requirements.

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 17. Financial risk management (continued)

##### (e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2018 \$	2017 \$
Loans and receivables	1,155,791	1,238,066
Financial liabilities at amortised cost	<u>125,935</u>	<u>124,626</u>

#### 18. New or revised accounting standards and FRS interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2018 and which the Company has not early adopted:

##### (a) FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

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### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 18. New or revised accounting standards and FRS interpretations (continued)

- (a) FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018) (continued)

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Company plans to adopt the new standard retrospectively from 1 April 2018, in line with the transition provisions permitted under the standard. Comparatives for 2018 will not be restated and the Company will recognise any difference between the carrying amounts at 31 March 2018 and 1 April 2018 in the opening retained earnings.

The Company does not expect a material impact on the financial statements of the Company in the year of initial adoption.

- (b) FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

FRS 115 replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

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**18. New or revised accounting standards and FRS interpretations (continued)**

- (b) FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018) (continued)

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Company plans to adopt the new standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in the opening retained profits at 1 April 2018 and comparative information for 2018 will not be restated.

The Company does not expect a material impact on the financial statements of the Company in the year of initial adoption.

**19. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Asian Business Law Institute on 3 August 2018.