

ASIAN BUSINESS LAW INSTITUTE

(Public company limited by guarantee)

(Incorporated in Singapore. Registration Number: 201500327G)

ANNUAL REPORT

For the financial year ended 31 March 2020

ASIAN BUSINESS LAW INSTITUTE

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ANNUAL REPORT

For the financial year ended 31 March 2020

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ASIAN BUSINESS LAW INSTITUTE

DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

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 2020.

Directors' Opinion

In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2020 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:

Serene Wee Kheng Lian
Sriram Sudarsanan Chakravarthi
Paul Neo Tien Song

ASIAN BUSINESS LAW INSTITUTE

DIRECTORS' STATEMENT

For the financial year ended 31 March 2020

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



Serene Wee Kheng Lian
Director



Sriram Sudarsanan Chakravarthi
Director

27 July 2020

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 "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 2020 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 2020;
- the balance sheet as at 31 March 2020;
- 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 comprises 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 express any form of assurance conclusion thereon.

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

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 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.

Those charged with governance comprise the directors. Their 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 those charged with governance 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, 27 July 2020

ASIAN BUSINESS LAW INSTITUTE

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------------|------------------|
| Interest income from bank deposits | | 12,092 | 6,202 |
| Donation income | 5 | - | 226,800 |
| | | <u>12,092</u> | <u>233,002</u> |
| Expenses: | | | |
| Secondment fees | | (102,848) | (128,250) |
| Employee benefits | 7 | (446,101) | (343,072) |
| Professional fees | | (153,210) | (153,210) |
| Other expenses | 6 | (172,259) | (209,299) |
| | | <u>(874,418)</u> | <u>(833,831)</u> |
| Grants | | | |
| - Deferred capital grant amortised | 15 | 3,679 | 4,074 |
| - Operating grants utilised | 14 | 870,739 | 823,140 |
| | | <u>874,418</u> | <u>827,214</u> |
| Profit before income tax | | 12,092 | 226,385 |
| Income tax credit | 8 | - | 6,617 |
| Profit after tax and total comprehensive income | | <u>12,092</u> | <u>233,002</u> |

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

ASIAN BUSINESS LAW INSTITUTE**BALANCE SHEET***As at 31 March 2020*

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 9 | 2,433,300 | 1,856,609 |
| Other receivables | 10 | 15,893 | 3,227 |
| Other current assets | 11 | 2,007 | 1,061 |
| | | <u>2,451,200</u> | <u>1,860,897</u> |
| Non-current asset | | | |
| Plant and equipment | 12 | <u>4,707</u> | <u>3,812</u> |
| Total assets | | <u>2,455,907</u> | <u>1,864,709</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 13 | 130,622 | 31,049 |
| Deferred grant income | | 11,400 | - |
| Amount due to Member | | 198,017 | 168,410 |
| Grants received in advance | 14 | 1,183,004 | 745,373 |
| Current income tax liabilities | 8 | - | - |
| | | <u>1,523,043</u> | <u>944,832</u> |
| Non-current liability | | | |
| Deferred capital grant | 15 | <u>4,707</u> | <u>3,812</u> |
| Total liabilities | | <u>1,527,750</u> | <u>948,644</u> |
| Net assets | | <u>928,157</u> | <u>916,065</u> |
| EQUITY | | | |
| Retained earnings | | <u>928,157</u> | <u>916,065</u> |
| Total equity | | <u>928,157</u> | <u>916,065</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 2020

| | Retained earnings \$ |
|---|----------------------------|
| 2020 | |
| Beginning of financial year | 916,065 |
| Profit after tax and total comprehensive income | 12,092 |
| End of financial year | <u>928,157</u> |
| | |
| 2019 | |
| Beginning of financial year | 683,063 |
| Profit after tax and total comprehensive income | 233,002 |
| End of financial year | <u>916,065</u> |

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 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------------|------------------|
| Cash flow from operating activities | | | |
| Profit after tax | | 12,092 | 233,002 |
| Adjustment for: | | | |
| - Income tax credit | 8 | - | (6,617) |
| - Interest income | | (12,092) | (6,202) |
| - Donation income | 5 | - | (226,800) |
| - Operating grants utilised | 14 | (870,739) | (823,140) |
| - Amortisation of deferred capital grant | 15 | (3,679) | (4,074) |
| - Depreciation of plant and equipment | 12 | 3,679 | 4,074 |
| | | <u>(870,739)</u> | <u>(829,757)</u> |
| Change in working capital: | | | |
| - Other receivables | | (10,835) | (2,734) |
| - Other current assets | | (946) | 13,889 |
| - Other payables | | 99,573 | (17,441) |
| - Deferred grant income | | 11,400 | - |
| - Amount due to Member | | 29,607 | 90,965 |
| Cash used in operations | | <u>(741,940)</u> | <u>(745,078)</u> |
| Grants received | 14 | 1,312,944 | 1,235,966 |
| Income tax paid | 8 | - | (20,621) |
| Net cash provided by operating activities | | <u>571,004</u> | <u>470,267</u> |
| Cash flow from investing activities | | | |
| Purchase of plant and equipment | 12 | (4,574) | (1,958) |
| Interest received | | 10,261 | 6,202 |
| Net cash provided by investing activities | | <u>5,687</u> | <u>4,244</u> |
| Cash flow from financing activities | | | |
| Donation received | | - | 226,800 |
| Net cash provided by financing activities | | <u>-</u> | <u>226,800</u> |
| Net increase in cash and cash equivalents | | 576,691 | 701,311 |
| Cash and cash equivalents at the beginning of financial year | | <u>1,856,609</u> | <u>1,155,298</u> |
| Cash and cash equivalents at the end of financial year | 9 | <u>2,433,300</u> | <u>1,856,609</u> |

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 2020

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 2020 and 31 March 2019, 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.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention.

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 2020

On 1 April 2019, 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 except for the adoption of FRS 116 *Leases*.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020
(continued)

Adoption of FRS 116 Leases

When the Company is the lessee

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Company's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.8.

On initial application of FRS 116, the Company has elected to apply the following practical expedients:

- i. For all contracts entered into before 1 April 2019 and that were previously identified as leases under FRS 17 Lease and INT FRS 104 *Determining whether an Arrangement contains a Leases*, the Company has not reassessed if such contracts contain leases under FRS 116; and
- ii. On a lease-by-lease basis, the Company has :
 - a. applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - b. accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
 - c. excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - d. used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Company has applied the following transition provisions:

- i. On a lease-by-lease basis, the Company chose to measure its ROU assets at amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (i.e. 1 April 2019).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020 (continued)

Adoption of FRS 116 Leases (continued)

When the Company is the lessee (continued)

- ii. Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

As at 1 April 2019, the adoption of FRS 116 by the Company did not result in the recognition of any ROU assets and lease liabilities in the financial statements.

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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.4 Plant and equipment (continued)

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.

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 Financial assets

The Company classifies its financial assets as financial assets at amortised cost.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(i) At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

(ii) At subsequent measurement

Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits, and other receivables

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For cash and bank deposits and other receivables, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

2.8 **Leases - where the company is a lessee**

The accounting policy for leases before 1 April 2019 are as follows:

Lease of business premises where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

The accounting policy for leases after 1 April 2019 are as follows:

When the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- **Right-of-use assets**

The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

- **Lease liabilities**

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.8 Leases - where the company is a lessee (continued)

The accounting policy for leases after 1 April 2019 are as follows: (continued)

When the Company is the lessee (continued)

- Lease liabilities (continued)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

For contract that contain both lease and non-lease components, the Company has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Company's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to 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.

- Short term and low value leases

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

ASIAN BUSINESS LAW INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.8 Leases - where the company is a lessee (continued)

The accounting policy for leases after 1 April 2019 are as follows: (continued)

When the Company is the lessee (continued)

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.9 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.

2.10 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 related to income is recognised in profit or loss when the expense is incurred over the period necessary to match them on a systematic basis, to the costs, which it is intended to compensate.

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).

ASIAN BUSINESS LAW INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

| | 2020 | 2019 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Depreciation (Note 12) | 3,679 | 4,074 |
| Event and related expenses | 43,914 | 116,885 |
| Marketing and promotion expenses | - | 3,324 |
| Printing and stationery | 388 | 1,458 |
| Rental expense | 38,289 | 19,125 |
| Software and website maintenance | 8,226 | 7,559 |
| Research expense | 30,365 | 23,397 |
| Telephone expense | 3,210 | 3,210 |
| Others | 44,188 | 30,267 |
| | <u>172,259</u> | <u>209,299</u> |

7. Employee benefits

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| Wages and salaries | 427,739 | 329,535 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 18,362 | 13,537 |
| | <u>446,101</u> | <u>343,072</u> |

8. Income taxes

(a) Income tax credit

| | 2020 | 2019 |
|---|----------|----------------|
| | \$ | \$ |
| Over provision in prior financial years | - | (6,617) |
| | <u>-</u> | <u>(6,617)</u> |

ASIAN BUSINESS LAW INSTITUTE**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2020***8. Income taxes (continued)****(b) Movements in current income tax liabilities**

| | 2020 | 2019 |
|---|------|----------|
| | \$ | \$ |
| Beginning of financial year | - | 27,238 |
| Over provision in prior financial years | - | (6,617) |
| Income tax paid | - | (20,621) |
| End of financial year | - | - |

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

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash at bank and on hand | 1,429,752 | 1,350,880 |
| Fixed deposits with a financial institution | 1,003,548 | 505,729 |
| | <u>2,433,300</u> | <u>1,856,609</u> |

The fixed deposits placed with a financial institution have an average maturity of 4 months (2019: 5 months) from the financial period end and have a weighted-average effective interest rate of 1.59% (2019: 1.55%) per annum at the end of the financial year.

10. Other receivables

| | 2020 | 2019 |
|---------------------|---------------|--------------|
| | \$ | \$ |
| Other receivables | 13,096 | 2,261 |
| Interest receivable | 2,797 | 966 |
| | <u>15,893</u> | <u>3,227</u> |

11. Other current assets

| | 2020 | 2019 |
|-------------|--------------|--------------|
| | \$ | \$ |
| Prepayments | <u>2,007</u> | <u>1,061</u> |

ASIAN BUSINESS LAW INSTITUTE**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2020***12. Plant and equipment**

| | Computer equipment | Total |
|---------------------------------|-----------------------|---------------------|
| | \$ | \$ |
| 2020 | | |
| <u>Cost</u> | | |
| Beginning of financial year | 12,873 | 12,873 |
| Addition | 4,574 | 4,574 |
| End of financial year | <u>17,447</u> | <u>17,447</u> |
| <u>Accumulated depreciation</u> | | |
| Beginning of financial year | 9,061 | 9,061 |
| Depreciation charge (Note 6) | 3,679 | 3,679 |
| End of financial year | <u>12,740</u> | <u>12,740</u> |
| Net book value | | |
| At 31 March 2020 | <u>4,707</u> | <u>4,707</u> |
| | | |
| 2019 | | |
| <u>Cost</u> | | |
| Beginning of financial year | 10,915 | 10,915 |
| Addition | 1,958 | 1,958 |
| End of financial year | <u>12,873</u> | <u>12,873</u> |
| <u>Accumulated depreciation</u> | | |
| Beginning of financial year | 4,987 | 4,987 |
| Depreciation charge (Note 6) | 4,074 | 4,074 |
| End of financial year | <u>9,061</u> | <u>9,061</u> |
| Net book value | | |
| At 31 March 2019 | <u>3,812</u> | <u>3,812</u> |

13. Other payables

| | 2020 | 2019 |
|---------------------------------------|----------------|---------------|
| | \$ | \$ |
| Other payables to non-related parties | 851 | 428 |
| Accrued operating expenses | 129,771 | 30,621 |
| | <u>130,622</u> | <u>31,049</u> |

ASIAN BUSINESS LAW INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

14. Grants received in advance

| | 2020 | 2019 |
|--|------------------|----------------|
| | \$ | \$ |
| Beginning of financial year | 745,373 | 334,505 |
| Grants received during the year | 1,312,944 | 1,235,966 |
| Transfer to deferred capital grant (Note 15) | (4,574) | (1,958) |
| Transfer to profit or loss | (870,739) | (823,140) |
| End of financial year | <u>1,183,004</u> | <u>745,373</u> |

15. Deferred capital grant

| | 2020 | 2019 |
|--|--------------|--------------|
| | \$ | \$ |
| Beginning of financial year | 3,812 | 5,928 |
| Transfer from grants received in advance (Note 14) | 4,574 | 1,958 |
| Transfer to statement of comprehensive income | (3,679) | (4,074) |
| End of financial year | <u>4,707</u> | <u>3,812</u> |

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

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

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| Secondment fees and other fees paid/payable to Member | 166,035 | 102,369 |
| Rental expense paid/payable to Member | 38,289 | 19,125 |
| Operating expenses paid on behalf by Member | <u>540,609</u> | <u>501,110</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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

16. Related party transactions (continued)

(b) Key management personnel compensation (continued)

The Company incurred a secondment fee amounting to \$nil (2019: \$51,210), professional fees amounting to \$150,000 (2019: \$150,000) and wages and salaries amounting to \$186,446 (2019: \$104,819) 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.

(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.

(i) Risk management

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

17. Financial risk management (continued)

(b) Credit risk (continued)

(i) Risk management (continued)

There are no significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(ii) Impairment of financial assets

The Company does not have any financial assets that are subjected to more than immaterial credit losses, where the expected credit loss model has been applied.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(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 1 year \$ |
|-------------------------|---------------------------|
| At 31 March 2020 | |
| Other payables | 130,622 |
| Amount due to Member | <u>198,017</u> |
| At 31 March 2019 | |
| Other payables | 31,049 |
| Amount due to Member | <u>168,410</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 2020

17. Financial risk management (continued)

(e) Financial instruments by category

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

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| Financial assets, at amortised cost | 2,449,193 | 1,859,836 |
| Financial liabilities, at amortised cost | <u>328,639</u> | <u>199,459</u> |

18. New or revised accounting standards and FRS interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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 27 July 2020.