

Singapore (Cambodia) International Academy Co., Ltd.

Report of the Board of Directors
and
Audited financial statements

for the year ended 31 December 2021

Singapore (Cambodia) International Academy Co., Ltd.

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Singapore (Cambodia) International Academy Co., Ltd.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“BoD”) of Singapore (Cambodia) International Academy Co., Ltd. (“the Company”) hereby presents its report and the Company’s financial statements as at 31 December 2021 and for the year then ended.

THE COMPANY

The Company is established as a single-member private limited company and was incorporated on 20 February 2017 under the registration No. 00023164.

The Company is wholly-owned by Singapore Institute of Management Group Limited (SIMGL), a company incorporated under the laws of Singapore, registration No. 201623202C.

The registered office of the Company is at No. 30, Norodom Boulevard, BRED Bank Building, 4th Floor, Sangkat Pshar Thmei 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The Company’s principal activity is providing educational services from kindergarten to high school.

RESULTS OF OPERATIONS

The financial performance is set out in the accompanying statement of comprehensive income.

THE BOARD OF DIRECTORS

The Directors who have held office since the date of the last report up to the date of this report are:

Mr. Seah Chin Siong	Chairman
Mr. Tan Wee Pin	Director (Appointed on 17 November 2021)
Mr. Shirley Tay Lay Cheng	Director (Resigned on 17 November 2021)

ASSETS

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Company misleading in any material respect.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no change on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Company that has arisen since the end of the year other than in the ordinary course of business.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.

Singapore (Cambodia) International Academy Co., Ltd.

REPORT OF THE BOARD OF DIRECTORS (continued)

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the year were not, in the opinion of management, materially affected by any item, transaction or event of a material and unusual nature. There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of management, to affect substantially the results of the operations of the Company for the year.

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Company.

DIRECTORS' BENEFIT

During and at the end of the year, no arrangement existed, to which the Company was a party, whose object was 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.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The BoD is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended. The Board of Directors oversees the preparation of these financial statements by management who is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards ("CIFRSs") or, if there has been any departure in the interests of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- set overall policies for the Company, ratify all decisions and actions that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial information of the Company and to ensure that the accounting records comply with the applicable accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The BoD confirms that the Company has complied with these requirements in preparing the financial statements.

Singapore (Cambodia) International Academy Co., Ltd.

REPORT OF THE BOARD OF DIRECTORS (continued)

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs.

Signed on behalf of the Board of Directors:



Seah Chin Siong
Chairman



Tan Wee Pin
Director

Phnom Penh, Kingdom of Cambodia

4 May 2022

INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Singapore (Cambodia) International Academy Co., Ltd.

Opinion

We have audited the financial statements of Singapore (Cambodia) International Academy Co., Ltd., (“the Company”), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in net capital deficiency and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants and Auditors issued by the Ministry of Economy and Finance of Cambodia, together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor’s Report Thereon

The other information obtained at the date of the auditor’s report comprises Corporate Information and the Report of the Board of Directors. Management is responsible for the other information.

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

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

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 are responsible for 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 CISAs 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 CISAs, we exercise professional judgement and maintain professional skepticism 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.

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.

Sinratana Lan
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

4 May 2022

Singapore (Cambodia) International Academy Co., Ltd.

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
				<i>As reclassified - Note 29</i>	
Revenue	5	3,934,269	16,004,606	3,351,207	13,662,871
Cost of services	6	(2,653,486)	(10,794,381)	(2,956,263)	(12,052,684)
Gross profit		1,280,783	5,210,225	394,944	1,610,187
Other income	7	93,382	379,878	100,535	409,881
Marketing and advertising expenses	8	(87,930)	(357,699)	(106,220)	(433,059)
General and administrative expenses	9	(5,641,827)	(22,950,952)	(6,347,483)	(25,878,688)
Operating loss before interest and tax		(4,355,592)	(17,718,548)	(5,958,224)	(24,291,679)
Finance income		31,931	129,895	30,076	122,620
Finance cost	10	(2,593,344)	(10,549,723)	(2,331,167)	(9,504,168)
Loss for before income tax		(6,917,005)	(28,138,376)	(8,259,315)	(33,673,227)
Income tax expense	11	-	-	-	-
Net loss for the year		(6,917,005)	(28,138,376)	(8,259,315)	(33,673,227)
Exchange difference on translation		-	(951,449)	-	957,844
Total comprehensive loss for the year		(6,917,005)	(29,089,825)	(8,259,315)	(32,715,383)

The attached notes 1 to 29 form part of these financial statements.

Singapore (Cambodia) International Academy Co., Ltd.

STATEMENT OF FINANCIAL POSITION as at 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
ASSETS					
Non-current assets					
Property and equipment	12	1,839,731	7,495,064	3,271,696	13,234,010
Right-of-use asset	13	11,160,164	45,466,508	12,122,836	49,036,871
Refundable deposit	14	549,633	2,239,205	517,702	2,094,105
		13,549,528	55,200,777	15,912,234	64,364,986
Current assets					
Trade and other receivables	15	170,231	693,521	446,155	1,804,697
Cash	16	1,907,416	7,770,813	1,861,677	7,530,483
		2,077,647	8,464,334	2,307,832	9,335,180
TOTAL ASSETS		15,627,175	63,665,111	18,220,066	73,700,166
NET CAPITAL DEFICIENCY AND LIABILITIES					
Net capital deficiency					
Share capital	17	25,000	100,000	25,000	100,000
Accumulated losses		(38,319,477)	(155,507,255)	(31,402,472)	(127,368,879)
Cumulative exchange differences		-	(604,444)	-	347,005
		(38,294,477)	(156,011,699)	(31,377,472)	(126,921,874)
Non-current liabilities					
Employee benefits	18	19,678	80,168	224,383	907,629
Lease liability	19	14,096,141	57,427,678	14,375,687	58,149,654
Contract liabilities	21	458,844	1,869,330	500,780	2,025,655
		14,574,663	59,377,176	15,100,850	61,082,938
Current liabilities					
Lease liability	19	1,134,621	4,622,446	680,773	2,753,727
Employee benefits	18	228,954	932,759	-	-
Trade and other payables	20	8,299,493	33,812,135	6,083,469	24,607,631
Contract liabilities	21	1,183,921	4,823,294	1,232,446	4,985,244
Borrowings	22	28,500,000	116,109,000	26,500,000	107,192,500
		39,346,989	160,299,634	34,496,688	139,539,102
TOTAL LIABILITIES		53,921,652	219,676,810	49,597,538	200,622,040
NET CAPITAL DEFICIENCY AND LIABILITIES		15,627,175	63,665,111	18,220,066	73,700,166

The attached notes 1 to 29 form part of these financial statements.

Singapore (Cambodia) International Academy Co., Ltd.

STATEMENT OF CHANGES IN NET CAPITAL DEFICIENCY for the year ended 31 December 2021

	<i>Share capital (Note 16)</i>		<i>Accumulated losses</i>		<i>Cumulative exchange differences</i>	<i>Total</i>	
	<i>US\$</i>	<i>KHR'000 (Note 2)</i>	<i>US\$</i>	<i>KHR'000 (Note 2)</i>	<i>KHR'000 (Note 2)</i>	<i>US\$</i>	<i>KHR'000 (Note 2)</i>
As at 1 January 2021	25,000	100,000	(31,402,472)	(127,368,879)	347,005	(31,377,472)	(126,921,874)
Total comprehensive loss	-	-	(6,917,005)	(28,138,376)	(951,449)	(6,917,005)	(29,089,825)
As at 31 December 2021	25,000	100,000	(38,319,477)	(155,507,255)	(604,444)	(38,294,477)	(156,011,699)
As at 1 January 2020	25,000	100,000	(23,143,157)	(93,695,652)	(610,839)	(23,118,157)	(94,206,491)
Total comprehensive loss	-	-	(8,259,315)	(33,673,227)	957,844	(8,259,315)	(32,715,383)
As at 31 December 2020	25,000	100,000	(31,402,472)	(127,368,879)	347,005	(31,377,472)	(126,921,874)

The attached notes 1 to 29 form part of these financial statements.

Singapore (Cambodia) International Academy Co., Ltd.

STATEMENT OF CASH FLOWS for the year ended 31 December 2021

	Notes	2021		2020	
		US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
OPERATING ACTIVITIES					
Loss before income tax		(6,917,005)	(28,138,376)	(8,259,315)	(33,673,227)
<i>Adjustments for:</i>					
Depreciations	12,13	2,557,384	10,403,438	2,525,978	10,298,412
Finance cost	10	2,593,344	10,549,723	2,331,167	9,504,168
Provision for employee benefits		24,249	98,645	163,752	667,617
Finance income		(31,931)	(129,895)	(30,076)	(122,620)
Write-off of property and equipment		-	-	12,954	52,813
Reversal of expected credit loss		-	-	(7,798)	(31,792)
Operating loss before working capital changes		(1,773,959)	(7,216,465)	(3,263,338)	(13,304,629)
<i>Working capital changes:</i>					
Decrease in trade and other receivables		275,928	1,122,475	209,291	853,279
Increase (decrease) in:					
Trade and other payables		574,736	2,338,026	(39,903)	(162,685)
Contract liabilities		(116,528)	(474,036)	(583,756)	(2,379,973)
Net cash used in operating activities		(1,039,823)	(4,230,000)	(3,677,706)	(14,994,008)
INVESTING ACTIVITIES					
Purchase of property and equipment	12	(162,751)	(662,071)	(225,721)	(920,265)
Net cash used in investing activities		(162,751)	(662,071)	(225,721)	(920,265)
FINANCING ACTIVITIES					
Proceeds from borrowings	22	2,000,000	8,136,000	6,000,000	24,462,000
Payment of lease liability	19	(751,687)	(3,057,863)	(482,214)	(1,965,986)
Net cash generated from financing activities		1,248,313	5,078,137	5,517,786	22,496,014
Net increase in cash		45,739	186,066	1,614,359	6,581,741
Cash at beginning of year	16	1,861,677	7,530,483	247,318	1,007,821
Exchange difference		-	54,264	-	(59,079)
Cash at end of year	16	1,907,416	7,770,813	1,861,677	7,530,483

The attached notes 1 to 29 form part of these financial statements.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2021 and for the year then ended

1. CORPORATE INFORMATION

Singapore (Cambodia) International Academy Co., Ltd. (“the Company”), established and domiciled in the Kingdom of Cambodia as a single-member private limited company, was incorporated on 20 February 2017 under registration No. 00023164.

The immediate holding company is Singapore Institute of Management International Pte Ltd., (“the SIM”) a company incorporated in Singapore. The ultimate holding company is Singapore Institute of Management Group Limited, a public company limited by guarantee registered in Singapore.

The principal activity of the Company is providing education services from kindergarten to high school.

The registered office of the Company is at No. 30, Norodom Boulevard, BRED Bank Building, 4th Floor, Sangkat Pshar Thmei 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

These financial statements were authorized for issue by the Board of Directors on 4 May 2022.

2. BASIS OF PREPARATION

The financial statements, expressed in United States dollar (“US\$”), are prepared on a historical cost basis, except for any financial assets and financial liabilities that have been measured at fair value. The amounts are rounded to the nearest US\$ unless otherwise indicated.

The financial statements of the Company are prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Fiscal year

The Company’s fiscal year starts on 1 January and ends on 31 December.

Presentation currency and foreign exchange

The national currency of Cambodia is Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in US\$, management has determined the US\$ to be the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in currencies other than US\$ are translated into US\$ at the foreign exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ which are outstanding at the reporting date are translated into US\$ at the rate of exchange prevailing on that date. Exchange differences arising from translation are recognised in the statement of comprehensive income.

Translation of US\$ to KHR

The translation of the US\$ amounts into thousands KHR (“KHR’000”) is presented in the financial statements to comply with the Law on Accounting and Auditing using the closing and average rates for the year then ended, as announced by the National Bank of Cambodia (“NBC”).

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

2. BASIS OF PREPARATION (continued)

Translation of US\$ to KHR (continued)

Assets and liabilities included in the statement of financial position are translated at the closing rate prevailing at the end of each reporting date, whereas income and expense items presented in the statement of comprehensive income are translated at the average rate for the year then ended. All resulting exchange differences are recognised in the statement of comprehensive income. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

The financial statements are presented in KHR based on the applicable exchange rates per US\$ 1 as follows:

	2021	2020
Closing rate	4,074	4,045
Average rate	4,068	4,077

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year, except for the adoption, where applicable, of the following amendments and improvements to CIFRSs which became effective beginning on or after 1 January 2021. The Company has not early adopted other standard, interpretation or amendment that has been issued but is not yet effective.

- Interest Rate Benchmark Reform – Phase 2: Amendments to CIFRS 9, CIAS 39, CIFRS 7, CIFRS 4 and CIFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (“RFR”). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

Adoption of below amendments did not have any significant impact on the Company’s financial position and performance.

- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to CIFRS 16

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective beginning on or after 1 January 2022

- CIFRS 9, *Financial Instruments* – Fee in the “10 per cent” test for derecognition of financial liabilities
- Amendments to CIFRS 3, *Business Combinations* - Reference to the Conceptual Framework
- Amendments to CIAS 16, *Property Plant and Equipment* - Proceeds before Intended Use
- Amendments to CIAS 37, *Provisions, Contingent Liabilities and Contingent Assets* - Onerous contracts – Costs of Fulfilling a Contract
- CIFRS 1, *First-time Adoption of Cambodian International Financial Reporting Standards* – Subsidiary as a first-time adopter
- CIAS 41, *Agriculture* – Taxation in fair value measurements

Effective beginning on or after 1 January 2023

- CIFRS 17, *Insurance Contracts*
- Amendments to CIAS 1, *First-time Adoption of Cambodian International Financial Reporting Standards* - Classification of liabilities as current and non-current
- Amendments to CIAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates
- Amendments to CIAS 1, *First-time Adoption of Cambodian International Financial Reporting Standards*, and CIFRS Practice Statement 2 *Making Materiality Judgments* – Disclosure of Accounting Policies

Functional currency

The Company maintains its accounting records and presents its financial statements in US\$ to reflect the underlying transactions, events and conditions that are relevant to the Company.

Based on the economic substance of the underlying circumstances relevant to the Company, US\$ is the currency in which the Company substantially both generates and expends cash in the country in which it operates.

Revenue from contracts with customers

The Company is in the business of providing educational service to students or customers, and revenue from contracts with customers is recognised when services are rendered to the students at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Revenue arises mainly from the admission, rendering of educational service and other support activities such as lunch programme, transportation programme, after-school care, and co-curriculum activities (“CCA”). Revenue is recognised either at point in time or over time, when or as the Company satisfies performance obligation by transferring the promised goods or services to the customers.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in *Note 4*.

Educational service

In relation to education the Company provides the students with tuition, classroom, library, related school facilities and related school administrative services, collectively referred as “educational service”, which are bundled into one performance obligation. Transaction price of educational service includes tuition related fee, one-time enrolment fee for new student, and capital fee for maintenance and upgrading the school campus facilities.

Revenue from educational service is recognised over time based on value to the student, programme milestones, credits earned, classes completed or professional hour or time elapsed.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the educational service, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Variable consideration

If the consideration in the contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Admission test and interview

Preparing admission test, interviewing the student and providing the admission results represent a distinct service from the educational service to the customer who can benefit from such service on its own. Revenue is recognised when the admission test and interview are completed.

Admission package

The Company provides admission package relating to study materials, uniform, insurance cover and orientation service. Revenue from admission package relating to study materials, uniform and orientation is recognised when or as the Company transfers control and usage of the goods or services to the customer. Revenue from insurance cover is recognised over the contract period as the time is elapsed.

Other support services

The Company provides other support services such as lunch programme, after-school care, CCA and transportation programme. Revenue from the support services are recognised over time since the student simultaneously receives and consumes the benefits from the service. The Company opted to use the output method in recognizing revenue such as number of meals served, number of days used for after-school care, number of CCA sessions completed, number of service usage for the transportation programme to measure the completion in transferring of services.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional, only the passage of time is required before payment of the consideration is due.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract balances (continued)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration, or an amount of consideration is due from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the Company performs under the contract.

Cost and expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognised when incurred.

Income taxes

Current income tax

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted during the reporting period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at the end of each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted during the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, and with the total cost per unit of \$700 or more. Property and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property and equipment. The following useful lives are applied:

<i>Asset classes</i>	<i>Useful lives in number of years</i>
Leasehold building and improvements	4
Computers and IT equipment	3
Motor vehicles	5
Furniture and fittings	4

In the case of property and equipment, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in other income or expenses.

Construction in progress is stated at cost. This includes cost of construction of property and equipment and other direct costs. Asset under construction is not depreciated until such time when the relevant assets are completed and ready for operational use.

Right-of-use asset

The Company recognizes right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term for 14.7 years.

Right-of-use asset are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount that can be determined from the sale of an asset in an arms-length transaction less the cost of disposal while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Reversal of an impairment loss is recognized up to the extent that the asset's carrying amount that would have been determined, net of depreciation had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income. After such reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Prepayments

Prepayments, included under trade and other receivables, are expenses paid in advance and recorded as asset before these are utilized. Prepayments are recognized in the statement of comprehensive income when the related expenses are incurred.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortized cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognized in statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company’s financial assets at amortized cost include cash, trade and other receivables and refundable security deposit.

Impairment of financial assets

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

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

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, borrowings and lease liability.

Subsequent measurement

After initial recognition, borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to borrowings.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Lease liability

At the commencement date of the lease, the Company recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, including in substance fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

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

Employee benefits

Retrospective seniority indemnity

In 2019, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No. 443 dated 21 September 2018 mandated the implementation of payment of seniority indemnity for unspecified duration contracted employees. The said Prakas requires retroactive seniority payment equal to fifteen days per year of employees' wages which shall be paid to them every year for a maximum not exceeding 6 months of the average net wages of each year of service beginning 2020.

On 23 December 2020, the Ministry released an instruction on the payment of seniority indemnity before 2019 confirming that the payment of seniority indemnity before 2019 can be delayed to June 2022 as follows:

- Equal to three days payable every December, and
- Equal to three days payable every June.

The Company estimated and provided for the retroactive seniority indemnity as mandated by the first Prakas and subsequent clarification thereto which is presented as part of liability section in the statement of financial position (*Note 17*).

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Seniority pay

In 2018, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No 443 dated 21 September 2018 mandated the payment of seniority indemnity for unspecified duration contracted employees with implementation guidelines issued on 22 March 2019. The said Prakas requires seniority payment equal to fifteen days per year payable as follows:

- Equal to 7.5 days in June; and
- Equal to 7.5 days in December.

As at 31 December 2021, the Company has outstanding liability on seniority payment amounting to US\$ 208,771 or KHR'000 850,533 (2020: US\$ 162,817 or KHR'000 658,594) (*Note 18*).

For fixed duration contract, the Company provides employees with severance pay equivalent to 5% of the salary paid during the length of the contract. As at 31 December 2021, the Company has outstanding liability on severance payment amounting to US\$ 39,861 or KHR'000 162,394 (2020: 61,566 or KHR'000 249,035) (*Note 18*).

Borrowing costs

Borrowing costs are capitalized as part of the cost of an asset if they are directly attributable to the acquisition, construction or production of a qualifying asset, an asset that necessarily takes a substantial period to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use or sale are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until substantially all the activities necessary to prepare the qualifying asset for its intended use. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All other borrowing costs are expensed as incurred.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the statement of comprehensive income.

Share capital

Share capital is measured at par value for all shares issued. Incremental costs directly attributable to the issue of shares are recognized as a deduction from proceeds.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in compliance with CIFRSs requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and the effect of any change in estimates will be reflected in the financial statements when they become reasonably determinable.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations*

The Company identifies performance obligations by considering whether the promised services in the contract are distinct. A service is distinct when the customer can benefit from the service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the service to the customer is separately identifiable from the other promises in the contract.

The Company assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if (i) each distinct good or service in the series are transferred over time and (ii) the same method of progress will be used (i.e. input or output method) to measure the entity's progress towards complete satisfaction of the performance obligation.

- *Determining the timing of satisfaction of separate performance obligation*

Based on the nature of educational service, the student receives and consumes the benefit of educational service throughout the academic year. The Company recognizes revenue when it satisfies an identified performance obligation by transferring the promised service to the customer. A service is considered to be transferred when the customer obtains control. The Company determines, at contract inception, whether it will transfer control of a promised service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Company concluded that revenue from educational service is to be recognized over time since students simultaneously receives and consumes the benefits as the Company renders the related educational service.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

- *Identifying methods for measuring progress of revenue recognized over time*

The Company determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation such as professor's teaching hours rendered or time elapsed. Output method recognizes revenue on the basis of direct measurement of the value to the student of the service transferred to date, program milestones, credits earned, or classes completed.

The Company determined that the output method is more appropriate in measuring progress for educational and other support services.

Determination of functional currency

Based on the economic substance of underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the US\$. The US\$ is the currency of the primary economic environment in which the Company operates, and it is the currency that mainly influences the rendering of services and the cost of providing the services.

Classification of financial instruments

The Company exercises judgement in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Taxes are calculated on the basis of the tax laws, regulations and its current interpretation. However, these regulations are subject to periodic variation and the ultimate determination of tax expense will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded by the Company, such differences will have an impact on the provision for income tax and deferred tax in the period in which such final determination is made by the tax authorities.

Determination of fair value of financial instruments

The Company carries certain financial assets and liabilities at fair value, which requires use of accounting estimates and judgement. While significant components of fair value measurements were determined using verifiable objective evidence (i.e. foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect net income and equity.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Estimation of the useful lives of property and equipment

The useful lives of property and equipment are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. Any reduction in the residual value and estimated useful lives of property and equipment would increase the Company's recorded operating expenses and decrease the related assets.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available, or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR as 6.12% using observable inputs when available, such as loan borrowing rates adjusted to certain entity-specific credit risk.

Impairment of non-financial assets

The Company assesses at each reporting date whether there are any indicators of impairment for all non-financial assets (property and equipment, right-of-use asset). These non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. This requires an estimation of an asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value-in-use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets, if it is not possible, for the cash-generating unit to which the asset belongs.

Recognition of deferred tax assets

The Company reviews the carrying amounts of deferred tax assets at the end of each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

5. REVENUE

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Educational service	3,870,194	15,743,949	3,239,995	13,209,460
Admission test and interview	24,250	98,649	6,460	26,337
Lunch programme	6,195	25,201	29,750	121,291
Transportation programme	1,320	5,370	8,983	36,624
Co-curricular activity	-	-	25,606	104,396
Admission package	-	-	6,950	28,335
Others	32,310	131,437	33,463	136,428
	3,934,269	16,004,606	3,351,207	13,662,871

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Timing of revenue recognition				
Services transferred over time	3,877,709	15,774,520	3,281,044	13,376,816
Services transferred at point in time	56,560	230,086	70,163	286,055
Total revenue from contract with customers	3,934,269	16,004,606	3,351,207	13,662,871

5.2 Contract balances

The Company's contract balances are, as follows:

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Trade receivables (Note 15)	6,224	25,357	197,991	800,874
Contract liabilities (Note 21)	1,642,765	6,692,624	1,733,226	7,010,899

5.3 Performance obligations

The performance obligations of the Company are summarized below:

Educational service

The performance obligation is satisfied over-time and payment is due upon enrolment. Payment is made either in full upfront or on instalment basis depending on the mode of payment chosen by the customer.

Admission package

The performance obligation is satisfied upon delivery of goods for study materials, uniform, and orientation service and over-time for insurance. Payment for goods or services transferred are due upon receipt by the customer.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

5. REVENUE FROM CONTRACT WITH CUSTOMERS (continued)

5.3 *Performance obligations* (continued)

Admission test and interview

The performance obligation is satisfied when admission test and interview is completed, and the payment is due upon submission of application.

Other support services

The performance obligation is satisfied over-time and payment is due upon registration for these auxiliary services.

Transaction price allocated to the remaining performance obligations

Revenue recognised which was included in the advances from customer balance at the beginning of the year amounted to US\$ 1,733,226 or KHR'000 7,010,899 (2020: US\$ 1,816,202 or KHR'000 7,401,023).

6. COST OF SERVICES

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
			<i>As reclassified - Note 29</i>	
Personnel and related costs	2,445,031	9,946,386	2,790,114	11,375,295
Course materials	52,853	215,006	56,893	231,953
Travelling	40,138	163,281	23,571	96,099
Consulting and coaching	19,388	78,870	3,000	12,231
Student care services	13,989	56,907	34,311	139,886
Lab consumable	12,638	51,411	15,025	61,257
Others	69,449	282,520	33,349	135,963
	2,653,486	10,794,381	2,956,263	12,052,684

7. OTHER INCOME

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Sponsorship income	41,154	167,414	24,006	97,872
Others	52,228	212,464	89,483	364,822
Other loss	-	-	(12,954)	(52,813)
	93,382	379,878	100,535	409,881

Others mainly consist of selling textbook, uniform and others.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

8. MARKETING AND ADVERTISING EXPENSES

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Advertisement	51,830	210,844	63,697	259,692
Events	26,543	107,977	38,341	156,316
Agency recruitment fee	8,000	32,544	-	-
Others	1,557	6,334	4,182	17,051
	87,930	357,699	106,220	433,059

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
			<i>As reclassified - Note 29</i>	
Depreciations (Notes 12, 13)	2,557,384	10,403,438	2,525,978	10,298,412
Personnel and related costs	1,819,897	7,403,341	2,266,081	9,238,812
Management fees (Note 25)	577,751	2,350,291	689,902	2,812,730
Repairs and maintenance	237,719	967,041	213,467	870,305
Utilities	99,824	406,084	139,783	569,895
Professional fees	58,659	238,625	79,325	323,408
Insurance	55,022	223,829	73,984	301,633
Other taxes	51,132	208,005	55,462	226,119
Office expenses	40,890	166,341	70,326	286,719
Materials	15,394	62,623	18,051	73,594
Travelling	14,759	60,040	26,205	106,838
Telecommunication	12,710	51,704	21,769	88,752
Write-off of trade receivables	10,230	41,616	4,925	20,079
Membership and subscription	2,987	12,151	7,638	31,140
Entertainment	968	3,938	262	1,069
Refreshment	864	3,515	3,616	14,742
Accommodations	-	-	8,600	35,062
Rental under short-term leases (Note 19)	-	-	5,556	22,652
Reversal of expected credit loss	-	-	(7,798)	(31,792)
Others	85,637	348,370	144,351	588,519
	5,641,827	22,950,952	6,347,483	25,878,688

10. FINANCE COST

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Borrowings (Note 22)	1,641,288	6,676,760	1,410,411	5,750,246
Lease liability (Note 19)	925,989	3,766,923	905,471	3,691,605
Others	26,067	106,040	15,285	62,317
	2,593,344	10,549,723	2,331,167	9,504,168

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

11. INCOME TAX EXPENSE

In accordance with Cambodian law on taxation, the Company has the obligation to pay Tax on Income (“Tol”) at the rate of 20% of taxable income. The corporate income tax expense recorded is an estimate amount of the Company’s income tax liabilities for the year.

Besides the Tol, taxpayers in Cambodia are subject to a minimum tax. The minimum tax is an annual tax liability equal to 1% of annual turnover inclusive of all taxes except value added tax, and is due irrespective of the taxpayer’s profit or loss position. According to the Prakas no. 904 MEF.PK on the tax incentive for educational sector dated 8 August 2016 the Company is eligible for exempt from minimum tax until end of 31 December 2021.

The Company’s tax returns are subject to periodic examination by the GDT. As the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could change at a later date upon final assessment by the GDT.

11.1 Reconciliation between income tax expense and accounting loss

	2021		2020	
	US\$	KHR’000 (Note 2)	US\$	KHR’000 (Note 2)
Loss before income tax	(6,917,005)	(28,138,376)	(8,259,315)	(33,673,227)
Income tax at applicable tax rate of 20%	(1,383,401)	(5,627,675)	(1,651,863)	(6,734,645)
Non-deductible expenses	918,681	3,737,194	631,611	2,575,078
Effect of other unrecognised temporary differences	(141,088)	(573,946)	59,030	240,665
Effect of unrecognised tax loss	605,808	2,464,427	961,222	3,918,902
Income tax expense	-	-	-	-

11.2 Unrecognized deferred tax asset

Net deferred tax asset arising from the following temporary differences has not been recognized due to uncertainty about future taxable profits.

	2021		2020	
	US\$	KHR’000 (Note 2)	US\$	KHR’000 (Note 2)
<i>Deferred tax assets</i>				
Tax loss	5,176,508	21,058,035	4,570,700	18,634,744
Contract liabilities	328,553	1,336,554	346,645	1,413,272
Lease liability	(3,046,152)	(12,391,746)	(3,011,292)	(12,277,037)
Accruals	49,726	202,285	89,516	364,957
<i>Deferred tax liability</i>				
Accelerated depreciation for tax purpose	193,018	785,197	50,391	205,444
Right-of-use-asset	2,232,033	9,079,910	2,424,566	9,884,956
Allowance for expected credit loss	-	-	(1,560)	(6,360)
Net unrecognized deferred tax asset	4,933,686	20,070,235	4,468,966	18,219,976

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

11. INCOME TAX EXPENSE (continued)

11.3 Tax loss carried forward

Details of the unused tax losses of the Company as at 31 December 2021 are as follows:

<i>Originating year</i>	<i>Can be utilized up to</i>	<i>Tax loss amount*</i> US\$	<i>Utilized</i> US\$	<i>Forfeited</i> US\$	<i>Unutilized</i> US\$
2017	2022	3,635,681	-	-	3,635,681
2018	2023	6,985,342	-	-	6,985,342
2019	2024	7,426,367	-	-	7,426,367
2020	2024	4,806,112	-	-	4,806,112
2021	2026	3,029,038	-	-	3,029,038
		25,882,540	-	-	25,882,540
		105,290,171	-	-	105,290,171
KHR'000 (<i>Note 2</i>)					

In accordance with the Prakas No. 098 on Tol for the tax losses to be carried forward for a period of five consecutive years and utilized against taxable profit in subsequent years, the following conditions should be met:

- Tax loss has been calculated based on the tax rules and reported in the annual tax return to the GDT;
- The business activity of the Company must not have changed; and
- No tax unilateral reassessment on the tax losses has been made by the GDT.

Tax loss is subject to assessment by GDT and may not be utilized due to the criteria mentioned above.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

12. PROPERTY AND EQUIPMENT

	31 December 2021					
	<i>Leasehold building and improvements US\$</i>	<i>Computers and IT equipment US\$</i>	<i>Motor vehicles US\$</i>	<i>Furniture and fittings US\$</i>	<i>Construction in progress US\$</i>	<i>Total US\$</i>
Cost						
As at 1 January 2021	2,563,409	637,424	376,822	3,150,377	-	6,728,032
Additions	-	3,826	-	9,196	149,729	162,751
Write-off	-	(15,552)	-	-	-	(15,552)
Reclassification	-	96,528	-	42,977	(139,505)	-
As at 31 December 2021	2,563,409	722,226	376,822	3,202,550	10,224	6,875,231
Accumulated depreciation						
As at 1 January 2021	1,350,458	486,423	222,421	1,397,034	-	3,456,336
Depreciation (Note 9)	589,782	150,256	75,364	779,314	-	1,594,716
Write-off	-	(15,552)	-	-	-	(15,552)
As at 31 December 2021	1,940,240	621,127	297,785	2,176,348	-	5,035,500
Net carrying amount						
As at 31 December 2021	623,169	101,099	79,037	1,026,202	10,224	1,839,731
KHR'000 (Note 2)	2,538,791	411,877	321,997	4,180,747	41,653	7,495,064

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

12. PROPERTY AND EQUIPMENT (continued)

	31 December 2020					
	<i>Leasehold building and improvements US\$</i>	<i>Computers and IT equipment US\$</i>	<i>Motor vehicles US\$</i>	<i>Furniture and fittings US\$</i>	<i>Construction in progress US\$</i>	<i>Total US\$</i>
Cost						
As at 1 January 2020	2,563,409	627,592	376,822	2,403,462	552,482	6,523,767
Additions	-	-	-	2,387	223,334	225,721
Write-off	-	(7,254)	-	(14,202)	-	(21,456)
Reclassification	-	17,086	-	758,730	(775,816)	-
As at 31 December 2020	2,563,409	637,424	376,822	3,150,377	-	6,728,032
Accumulated depreciation						
As at 1 January 2020	760,676	285,404	147,057	708,393	-	1,901,529
Depreciation (Note 9)	589,783	204,037	75,364	694,125	-	1,563,309
Write-off	-	(3,018)	-	(5,484)	-	(8,502)
As at 31 December 2020	1,350,459	486,423	222,421	1,397,034	-	3,456,336
Net carrying amount						
As at 31 December 2020	1,212,950	151,001	154,401	1,753,343	-	3,271,696
KHR'000 (Note 2)	4,906,383	610,799	624,552	7,092,272	-	13,234,010

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

13. RIGHT-OF-USE ASSET

	2021	2020
	US\$	US\$
Cost		
As at 31 December	14,048,174	14,048,174
Accumulated depreciation		
As at 1 January	1,925,342	962,669
Depreciation (Note 9)	962,668	962,669
As at 31 December	2,888,010	1,925,338
Net carrying amount	11,160,164	12,122,836
KHR'000 (Note 2)	45,466,508	49,036,871

14. REFUNDABLE DEPOSIT

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
As at 1 January	517,702	2,094,105	487,626	1,987,076
Accretion	31,931	129,895	30,076	122,620
Exchange difference on translation	-	15,205	-	(15,591)
As at 31 December	549,633	2,239,205	517,702	2,094,105

On 12 July 2017, the Company entered into an agreement with Graticity Real Estate Development Co. Ltd., for the lease of building for 14 years 11 months and 29 days which included a security deposit amounting to US\$1,000,000 to secure its full and faithful performance, which will be refunded to the Company upon termination or earlier expiration of the lease. The security deposit was paid US\$100,000 upon signing the Memorandum of Understanding, US\$400,000 upon execution of the lease agreement and US\$500,000 on or before the handover date in August 2019.

At the initial recognition, fair value of the security deposit was computed based on interest rate at 6%. The difference between the nominal amount and the fair value is capitalized as Right-of-use asset. After initial recognition, refundable deposit is subsequently measured at amortised cost using the EIR method.

15. TRADE AND OTHER RECEIVABLES

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Trade receivables	6,224	25,357	197,991	800,874
Prepayments	110,425	449,871	193,675	783,415
Amount due from a related party (Note 25)	40,072	163,253	44,414	179,655
Deposits	11,121	45,307	7,690	31,106
Others	2,389	9,733	2,385	9,647
	170,231	693,521	446,155	1,804,697

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

16. CASH

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Cash in banks	1,904,416	7,758,591	1,858,677	7,518,348
Cash on hand	3,000	12,222	3,000	12,135
	1,907,416	7,770,813	1,861,677	7,530,483

17. SHARE CAPITAL

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
25,000 shares of US\$ 1 each registered, issued to and paid by shareholder	25,000	100,000	25,000	100,000

The ordinary shares constitute the only class of shares in the Company. All shares have the same rights with regards to voting, dividends, return of share capital or otherwise.

18. EMPLOYEE BENEFITS

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Seniority pay	171,021	696,740	118,009	477,346
Severance pay	39,861	162,394	61,566	249,035
Retrospective seniority indemnity	37,750	153,793	44,808	181,248
	248,632	1,012,927	224,383	907,629

According to the announcement of the Royal Government of Cambodia on 23 December 2020, the payment of retrospective seniority indemnity and seniority payments for 2020 and 2021 has been deferred until 2022.

19. LEASE LIABILITY

The Company has a lease contract for building used in its operations. The Company also has certain leases of equipment with lease term of less than 12 months. The Company applies the short-term lease recognition exemptions for these leases. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

19. LEASES LIABILITY (continued)

The following are the amounts recognized in statement of comprehensive income:

	<u>2021</u>	<u>2020</u>
	US\$	US\$
Depreciation of right-of-use asset (Note 13)	962,668	962,669
Interest expense on lease liability (Note 10)	925,989	905,471
Expenses related to short-term leases (Note 9)	-	5,556
As at 31 December	<u>1,888,657</u>	<u>1,873,696</u>
KHR'000 (Note 2)	<u>7,683,057</u>	<u>7,639,059</u>

The rollforward analysis of lease liability follows:

	<u>2021</u>	<u>2020</u>
	US\$	US\$
As at 1 January	15,056,460	14,633,203
Interest expense (Note 10)	925,989	905,471
Payments	(751,687)	(482,214)
As at 31 December	<u>15,230,762</u>	<u>15,056,460</u>
KHR'000 (Note 2)	<u>62,050,124</u>	<u>60,903,381</u>

	<u>2021</u>		<u>2020</u>	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Current	1,134,621	4,622,446	680,773	2,753,727
Non-current	14,096,141	57,427,678	14,375,687	58,149,654
	<u>15,230,762</u>	<u>62,050,124</u>	<u>15,056,460</u>	<u>60,903,381</u>

Shown below is the maturity analysis of the undiscounted lease payments:

	<u>2021</u>		<u>2020</u>	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Within one year	1,134,621	4,622,446	680,773	2,753,727
After one year but not more than five years	7,034,652	28,659,172	6,297,147	25,471,960
More than five years	13,828,195	56,336,066	15,700,320	63,507,794

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

20. TRADE AND OTHER PAYABLES

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Amounts due to parent company (Note 25)	7,617,037	31,031,809	5,468,640	22,120,649
Trade payables	125,373	510,770	155,847	630,401
Other tax payables	29,030	118,268	32,763	132,526
Others	528,053	2,151,288	426,219	1,724,055
	8,299,493	33,812,135	6,083,469	24,607,631

Others mainly consist of accrued bonus, payable to vendors and other payables.

21. CONTRACT LIABILITIES

This represents payments received in advance from customers to render educational and other support services to students.

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Current	1,183,921	4,823,294	1,232,446	4,985,244
Non-current	458,844	1,869,330	500,780	2,025,655
	1,642,765	6,692,624	1,733,226	7,010,899

Current

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Advances for educational and other support services	1,141,984	4,652,443	1,190,743	4,816,555
Deferred sponsorship	41,154	167,661	41,154	166,468
Facility rental	783	3,190	549	2,221
	1,183,921	4,823,294	1,232,446	4,985,244

Non-current

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Deferred sponsorship	387,530	1,578,797	428,684	1,734,027
Facility rental	71,314	290,533	72,096	291,628
	458,844	1,869,330	500,780	2,025,655

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

22. BORROWINGS

In 2021, the Company obtained additional loan from SIM amounting to US\$2.0 million or KHR'000 8,136,000 in addition to the existing outstanding loan balance of US\$26.5 million or KHR'000 107,961,000, payable on demand with interest rate of 6% per annum. This loan facility is used for the day-to-day operations of the Company.

During the year, interest expense from borrowings amounted to US\$ 1,641,288 or KHR'000 6,676,760 (2020: US\$ 1,410,411 or KHR'000 5,750,246) (*Note 10*).

23. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern while maximizing its return to the shareholders. The overall strategy of the Company remains unchanged from that of the previous financial year.

Capital management process

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

24. GOING CONCERN

The Company's financial statements have been prepared on the assumption that the Company will continue as a going concern. As presented in the financial statements as at 31 December 2021, the Company had excess of current liabilities over current assets of US\$37,269,342 or KHR'000 151,835,300 (2020: US\$32,188,856 or KHR'000 130,203,922), accumulated losses of US\$38,319,477 or KHR'000 155,507,255 (2020: US\$31,402,472 or KHR'000 127,368,879) and net capital deficiency of US\$38,294,477 or KHR'000 156,011,699 (2020: US\$31,377,472 or KHR'000 126,921,874). These factors raise substantial doubts about the Company's ability to continue as a going concern. The shareholder, however, committed to provide financial support that will allow the Company to meet liabilities as and when they fall due, and to continue operations in the following years.

As such, management strongly believes on the continuing appropriateness of the use of going concern assumption. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern. The assumption is premised on future events, the outcome of which is inherently uncertain.

25. RELATED PARTY DISCLOSURES

Transactions with parent company during the year were as follows:

<i>Nature</i>	<i>2021</i>		<i>2020</i>	
	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>	<i>US\$</i>	<i>KHR'000</i> <i>(Note 2)</i>
Borrowings (<i>Note 22</i>)	2,000,000	8,136,000	6,000,000	24,462,000
Interest expense (<i>Note 22</i>)	1,641,288	6,676,760	1,410,411	5,750,246
Management fees (<i>Note 9</i>)	577,751	2,350,291	689,902	2,812,730

There were no transactions with other related parties aside from disclosed above.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

25. RELATED PARTY DISCLOSURES (continued)

Outstanding balances with related parties as at financial position date were as follows:

	Nature	2021		2020	
		US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Amounts due to parent company					
	Borrowing (Note 22)	28,500,000	116,109,000	26,500,000	107,192,500
	Trade and other payable (Note 20)	7,617,037	31,031,809	5,468,640	22,120,649
Amount due from a related party					
	Trade and other receivables (Note 15)	40,072	163,253	44,414	179,655

Services provided by parent company

Management services rendered by the SIM, form part of the general and administrative expenses of the Company such as manpower resource, group corporate services, management advisory and governance, academic related advisory and support, quality assurance, governance and support, business development advisory and support and use of intellectual properties. The terms of these transactions are agreed by both parties.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Company is to optimise the value creation for its shareholders while minimising the potential adverse impact arising from volatility of the financial markets.

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

	2021		2020	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Financial assets				
Refundable deposit	549,633	2,239,205	517,702	2,094,105
Trade and other receivables*	46,296	188,610	242,405	980,528
Cash	1,907,416	7,770,813	1,861,677	7,530,483
Financial assets measured at amortized cost	2,503,345	10,198,628	2,621,784	10,605,116
Financial liabilities				
Lease liability	15,230,762	62,050,124	15,056,460	60,903,381
Trade and other payables**	7,828,828	31,894,645	6,050,707	24,475,110
Borrowings	28,500,000	116,109,000	26,500,000	107,192,500
Financial liabilities measured at amortized cost	51,559,590	210,053,769	47,607,167	192,570,991

*Excludes prepayments and other advances

**Excludes payables to tax authorities

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Company is exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuations in foreign exchange rates (currency risk) and interest rates (interest rate risk) whether such change is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Foreign currency risk

Foreign currency risk is the risk of incurring losses resulting from an adverse change in foreign currency rates. The Company has significant payables with SIM denominated in Singaporean Dollars ("SGD"). Other transactions in foreign currency which arise from purchases in currencies other than in US\$, are considered not material.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in SGD exchange rates relating to payables to SIM, with all other variables held constant:

Change in foreign currency rate	2021		2020		
	Increase/ (decrease) on profit before tax		Increase/ (decrease) on profit before tax		
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)	
Foreign currency	-5%	151,988	619,199	128,728	520,703
	+5%	(151,988)	(619,199)	(128,728)	(520,703)

Interest rate risk

The exposure of the Company to interest rate risk arises primarily from borrowings from parent company. The Company manages its interest rate exposure closely by monitoring the debt market. The Company does not use derivatives to hedge any debt obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

The Company's policy is to deal only with creditworthy counterparties. Cash in bank is placed with a reputable bank with good standing and it is believed that the possibility of non-performance by this bank is remote on the basis of its financial strength.

The maximum exposure to credit risk is represented by the carrying amount of refundable security deposit with a counterparty and trade and other receivables carried in the statement of financial position and the related notes.

Liquidity risk

Liquidity risk arises from the possibility that the Company will encounter difficulties in raising funds to meet obligations when due.

The Company's policy is to regularly monitor current and expected amount of liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its operating, investing and financing activities.

As at statement of financial position date, the Company considers that the exposure to liquidity risk is insignificant as amount is owed to its parent company.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maturity analysis of financial instruments

Financial assets

The analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date, or the expected date the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay.

The tables below summarize the maturity profile of the Company's financial instruments at 31 December 2021 and 2020 based on undiscounted contractual payments:

	2021			Total US\$
	Within 1 year US\$	Between 1 and 5 years US\$	Over 5 years US\$	
Financial assets				
Cash	1,907,416	-	-	1,907,416
Refundable deposit	-	-	1,000,000	1,000,000
Trade and other receivables*	46,296	-	-	46,296
Total financial assets	1,953,712	-	1,000,000	2,953,712
Financial liabilities				
Lease liability	1,134,621	7,034,652	13,828,195	21,997,468
Trade and other payables**	8,270,463	-	-	8,270,463
Borrowings***	30,210,000	-	-	30,210,000
Total financial liabilities	39,615,084	7,034,652	13,828,195	60,477,931
Liquidity gap	(37,661,372)	(7,034,652)	(12,828,195)	(57,524,219)
In KHR'000 (Note 2)	(153,432,407)	(28,659,168)	(52,262,059)	(234,353,634)

*excludes prepayments and other advances

**excludes other tax payables

***includes future interest

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	2020			Total US\$
	Within 1 year US\$	Between 1 and 5 years US\$	Over 5 years US\$	
Financial assets				
Cash	1,861,677	-	-	1,861,677
Refundable deposit	-	-	1,000,000	1,000,000
Trade and other receivables*	242,405	-	-	242,405
Total financial assets	2,104,082	-	1,000,000	3,104,082
Financial liabilities				
Lease liability	680,773	6,297,147	15,700,320	22,678,240
Trade and other payables**	6,050,707	-	-	6,050,707
Borrowings***	28,090,000	-	-	28,090,000
Total financial liabilities	34,821,480	6,297,147	15,700,320	56,818,947
Liquidity gap	(32,717,398)	(6,297,147)	(14,700,320)	(53,714,865)
In KHR'000 (Note 2)	(132,341,875)	(25,471,960)	(59,462,794)	(217,276,629)

*excludes prepayments and other advances

**excludes other tax payables

***includes future interest

Fair value of financial instruments

Management has determined that the aggregate fair values of cash in bank, trade and other receivables, borrowings and trade and other payables based on their notional amounts, reasonably approximate their fair values because of their short-term maturities.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2021 and for the year then ended

27. TAXATION CONTINGENCY

The taxation system in Cambodia is characterized by numerous taxes and constantly evolving legislation as the country develops. As a result, there will be differences on the interpretation of the Cambodian tax legislation by each taxpayer.

While the Company believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, the various tax reviews and investigations on the Company are being carried out by officers from multiple authorities. These officers are enabled by law to impose severe fines, penalties and interest charges on the Company based on their interpretation of the tax legislation. This gives rise to inherent risk that the assessing officer's views may differ from that of the Company which may result in significant tax provision differences.

28. EVENTS AFTER REPORTING PERIOD

The Covid-19 pandemic is resulting in an economic slowdown and impacting most businesses and industries. This situation may bring uncertainties and may have an impact on the Company's operations. Management continuously monitors ongoing developments and assesses the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation evolves, using the best information obtained up to the date of this report.

Other than those which are disclosed in the financial statements, there have been no significant events occurring after the reporting period which would require adjustments or disclosures to be made in the financial statements.

29. RECLASSIFICATION OF CORRESPONDING FIGURES

Certain accounts in the financial statements for the year ended 31 December 2020 have been reclassified to conform to the current year's presentation. The following summarized the impact of the reclassification on each of the affected accounts in the corresponding figures:

	<i>As previously presented</i>		<i>Reclassification</i>		<i>As reclassified</i>	
	<i>US\$</i>	<i>KHR'000</i>	<i>US\$</i>	<i>KHR'000</i>	<i>US\$</i>	<i>KHR'000</i>
		<i>(Note 2)</i>		<i>(Note 2)</i>		<i>(Note 2)</i>
<i>Statement of comprehensive income</i>						
Cost of services	(2,932,692)	(11,956,585)	(23,571)	(96,099)	(2,956,263)	(12,052,684)
General and administrative expenses	(6,371,054)	(25,974,787)	23,571	96,099	(6,347,483)	(25,878,688)

**Singapore (Cambodia) International
Academy Co., Ltd.**

Report of the Board of Directors
and
Audited financial statements

as at 31 December 2020 and for the year then ended

Singapore (Cambodia) International Academy Co., Ltd.

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REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (“BoD”) of Singapore (Cambodia) International Academy Co., Ltd. (“the Company”) hereby presents its report and the Company’s financial statements as at 31 December 2020 and for the year then ended.

THE COMPANY

The Company is established as a single-member private limited company and was incorporated on 20 February 2017 under the registration no. 00023164.

The immediate holding company is Singapore Institute of Management International Pte Ltd., a company incorporated in Singapore. Effective from 01 March 2020, the ultimate holding company has changed from Singapore Institute of Management Society to Singapore Institute of Management Group Limited, a public company limited by guarantee registered in Singapore.

The registered office of the Company is at No. 30, Norodom Boulevard, BRED Bank Building, 4th Floor, Sangkat Pshar Thmei 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The Company’s principal activity is providing educational services from kindergarten to high school.

RESULTS OF OPERATIONS

The financial performance is set out in the accompanying statement of comprehensive income.

ASSETS

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the assets in the financial statements of the Company misleading in any material respect.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances that have arisen which would render adherence to the existing method of valuation of assets and liabilities in the financial statements of the Company misleading or inappropriate in any material respect.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there is:

- (a) no charge on the assets of the Company which has arisen since the end of the year which secures the liabilities of any other person, and
- (b) no contingent liability in respect of the Company that has arisen since the end of the year other than in the ordinary course of business.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the directors, will or may have a material effect on the ability of the Company to meet its obligations as and when they become due.



REPORT OF THE BOARD OF DIRECTORS (Continued)

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading in any material respect.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company for the year were not, in the opinion of management, materially affected by any item, transaction or event of a material and unusual nature. There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of management, to affect substantially the results of the operations of the Company for the year.

AUDITOR

Ernst & Young (Cambodia) Ltd. is the auditor of the Company.

DIRECTORS' BENEFIT

During and at the end of the year, no arrangement existed, to which the Company was a party, whose object was 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.

STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended. The Board of Directors oversees the preparation of these financial statements by management who is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards ("CIFRSs") or, if there has been any departure in the interests of fair presentation, ensure this has been appropriately disclosed, explained and quantified in the financial statements;
- maintain adequate accounting records and an effective system of internal controls;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
- set overall policies for the Company, ratify all decisions and actions that have a material effect on the operations and performance of the Company, and ensure they have been properly reflected in the financial statements.



REPORT OF THE BOARD OF DIRECTORS (Continued)

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applicable accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Company has complied with these requirements in preparing the financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with CIFRSs.

Signed on behalf of the Board of Directors:





Seah Chin Siong
Chairman

Shirley Tay Lay Cheng
Director

Phnom Penh, Kingdom of Cambodia
3 May 2021



Reference: 61398850/22318168

INDEPENDENT AUDITOR'S REPORT

To: The Shareholder of Singapore (Cambodia) International Academy Co., Ltd.

Opinion

We have audited the financial statements of Singapore (Cambodia) International Academy Co., Ltd. ("the Company"), which comprise the statement of financial position as at 31 December 2020, and 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the sub-decree on the Code of Ethics for Professional Accountants and Auditors promulgated by the Royal Government of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information obtained at the date of the auditor's report comprises the Report of the Board of Directors. Management is responsible for the other information.

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

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

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with CIFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Board of Directors is responsible for 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 CISAs 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 CISAs, we exercise professional judgement and maintain professional skepticism 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.

We communicate with the Board of 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.



Sinratana Lan
Partner

Ernst & Young (Cambodia) Ltd.
Certified Public Accountants
Registered Auditors

Phnom Penh, Kingdom of Cambodia

3 May 2021

Singapore (Cambodia) International Academy Co., Ltd.

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2020

	Notes	2020		2019	
		US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Revenue from contracts with customers	5	3,351,207	13,662,871	2,814,877	11,405,882
Cost of services	6	(2,932,692)	(11,956,585)	(2,855,601)	(11,570,895)
Gross loss		418,515	1,706,286	(40,724)	(165,013)
Other income	7	100,535	409,881	197,730	801,202
Marketing and advertising expenses	8	(106,220)	(433,059)	(406,021)	(1,645,197)
General and administrative expenses	9	(6,371,054)	(25,974,787)	(8,922,716)	(36,154,845)
Operating loss before interest and tax		(5,958,224)	(24,291,679)	(9,171,731)	(37,163,853)
Finance income	13	30,076	122,620	28,328	114,785
Finance cost		(2,331,167)	(9,504,168)	(1,983,340)	(8,036,494)
Net loss for before income tax		(8,259,315)	(33,673,227)	(11,126,743)	(45,085,562)
Income tax expense	10	-	-	-	-
Net loss for the year		(8,259,315)	(33,673,227)	(11,126,743)	(45,085,562)
Exchange difference		-	957,844	-	(939,428)
Total comprehensive loss for the year		(8,259,315)	(32,715,383)	(11,126,743)	(46,024,990)

The attached notes 1 to 28 form part of these financial statements

Singapore (Cambodia) International Academy Co., Ltd.

STATEMENT OF FINANCIAL POSITION as at 31 December 2020

	Notes	2020		2019	
		US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
ASSETS					
Non-current assets					
Property and equipment, net	11	3,271,696	13,234,010	4,622,239	18,835,624
Right-of-use asset	12	12,122,836	49,036,871	13,085,505	53,323,433
Other non-current asset	13	517,702	2,094,105	487,626	1,987,076
		15,912,234	64,364,986	18,195,370	74,146,133
Current assets					
Trade and other receivables, net	14	446,155	1,804,697	647,648	2,639,166
Cash	15	1,861,677	7,530,483	247,318	1,007,821
		2,307,832	9,335,180	894,966	3,646,987
TOTAL ASSETS		18,220,066	73,700,166	19,090,336	77,793,120
NET CAPITAL DEFICIENCY AND LIABILITIES					
Net capital deficiency					
Share capital	16	25,000	100,000	25,000	100,000
Accumulated losses		(31,402,472)	(127,368,879)	(23,143,157)	(93,695,652)
Exchange difference		-	347,005	-	(610,839)
		(31,377,472)	(126,921,874)	(23,118,157)	(94,206,491)
Non-current liabilities					
Employee benefits	17	224,383	907,629	60,631	247,071
Lease liability	18	14,375,687	58,149,654	14,150,989	57,665,280
Contract liabilities	20	500,780	2,025,655	-	-
Other liability		-	-	486,483	1,982,418
		15,100,850	61,082,938	14,698,103	59,894,769
Current liabilities					
Lease liability	18	680,773	2,753,727	482,214	1,965,022
Trade and other payables	19	6,083,469	24,607,631	4,711,974	19,201,297
Contract liabilities	20	1,232,446	4,985,244	1,816,202	7,401,023
Borrowings	21	26,500,000	107,192,500	20,500,000	83,537,500
		34,496,688	139,539,102	27,510,390	112,104,842
TOTAL LIABILITIES		49,597,538	200,622,040	42,208,493	171,999,611
NET CAPITAL DEFICIENCY AND LIABILITIES		18,220,066	73,700,166	19,090,336	77,793,120

The attached notes 1 to 28 form part of these financial statements

Singapore (Cambodia) International Academy Co., Ltd.

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2020

	<i>Share capital (Note 16)</i>		<i>Accumulated losses</i>		<i>Exchange difference</i>	<i>Total</i>	
	<i>US\$</i>	<i>KHR'000 (Note 2)</i>	<i>US\$</i>	<i>KHR'000 (Note 2)</i>	<i>KHR'000 (Note 2)</i>	<i>US\$</i>	<i>KHR'000 (Note 2)</i>
As at 1 January 2020	25,000	100,000	(23,143,157)	(93,695,652)	(610,839)	(23,118,157)	(94,206,491)
Net loss for the year	-	-	(8,259,315)	(33,673,227)	-	(8,259,315)	(33,673,227)
Exchange difference on translation	-	-	-	-	957,844	-	957,844
As at 31 December 2020	25,000	100,000	(31,402,472)	(127,368,879)	347,005	(31,377,472)	(126,921,874)
As at 1 January 2019	25,000	100,000	(12,016,414)	(48,610,090)	328,589	(11,991,414)	(48,181,501)
Net loss for the year	-	-	(11,126,743)	(45,085,562)	-	(11,126,743)	(45,085,562)
Exchange difference on translation	-	-	-	-	(939,428)	-	(939,428)
As at 31 December 2019	25,000	100,000	(23,143,157)	(93,695,652)	(610,839)	(23,118,157)	(94,206,491)

The attached notes 1 to 28 form part of these financial statements

Singapore (Cambodia) International Academy Co., Ltd.

STATEMENT OF CASH FLOWS for the year ended 31 December 2020

	Notes	2020		2019	
		US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
OPERATING ACTIVITIES					
Loss before income tax		(8,259,315)	(33,673,227)	(11,126,743)	(45,085,562)
<i>Adjustments for:</i>					
Depreciation	9	2,525,978	10,298,412	2,288,235	9,271,928
Finance cost		2,331,167	9,504,168	1,983,340	8,036,494
Provision (reversal) on employee benefits		163,752	667,617	(100,610)	(407,672)
Finance income	13	(30,076)	(122,620)	(28,328)	(114,785)
Write-off of fixed assets (Reversal) allowance for expected credit loss	11	12,954	52,813	22,257	90,185
Provision for impairment on leasehold improvements	14	(7,798)	(31,792)	7,798	31,597
	11	-	-	262,725	1,064,562
Operating loss before working capital changes		(3,263,338)	(13,304,629)	(6,691,326)	(27,113,253)
<i>Working capital changes:</i>					
Trade and other receivables		209,291	853,279	(222,851)	(902,993)
Trade and other payables		(39,903)	(162,685)	(519,228)	(2,103,912)
Contract liabilities		(583,756)	(2,379,973)	574,548	2,328,069
Other liability		-	-	486,483	1,971,229
Net cash used in operating activities		(3,677,706)	(14,994,008)	(6,372,374)	(25,820,860)
INVESTING ACTIVITIES					
Purchase of property and equipment	11	(225,721)	(920,265)	(1,769,585)	(7,170,358)
Net cash used in investing activities		(225,721)	(920,265)	(1,769,585)	(7,170,358)
FINANCING ACTIVITIES					
Proceeds from borrowings	21	6,000,000	24,462,000	2,000,000	8,104,000
Repayment of lease liability	18	(482,214)	(1,965,986)	(255,290)	(1,034,434)
Net cash generated from financing activities		5,517,786	22,496,014	1,744,710	7,069,566
Net increase (decrease) in cash		1,614,359	6,581,741	(6,397,249)	(25,921,652)
Cash at beginning of year	15	247,318	1,007,821	6,644,567	26,697,870
Exchange difference		-	(59,079)	-	231,603
Cash at end of year	15	1,861,677	7,530,483	247,318	1,007,821

The attached notes 1 to 28 form part of these financial statements

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2020 and for the year then ended

1. CORPORATE INFORMATION

Singapore (Cambodia) International Academy Co., Ltd. (“the Company”), established and domiciled in the Kingdom of Cambodia as a single-member private limited company, was incorporated on 20 February 2017 under registration no. 00023164.

The immediate holding company is Singapore Institute of Management International Pte Ltd., a company incorporated in Singapore. Effective from 01 March 2020, the ultimate holding company has changed from Singapore Institute of Management Society to Singapore Institute of Management Group Limited, a public company limited by guarantee registered in Singapore.

The principal activity of the Company is providing education services from kindergarten to high school.

The registered office of the Company is at No. 30, Norodom Boulevard, BRED Bank Building, 4th Floor, Sangkat Pshar Thmei 3, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

These financial statements were authorized for issue by the Board of Directors on 3 May 2021.

2. BASIS OF PREPARATION

The financial statements, expressed in United States dollar (“US\$”), are prepared on a historical cost basis, except for any financial assets and financial liabilities that have been measured at fair value. The amounts are rounded to the nearest US\$ unless otherwise indicated.

The financial statements of the Company are prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Fiscal year

The Company’s fiscal year starts on 1 January and ends on 31 December.

Presentation currency and foreign exchange

The national currency of Cambodia is Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in US\$, management has determined the US\$ to be the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in currencies other than US\$ are translated into US\$ at the foreign exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ which are outstanding at the reporting date are translated into US\$ at the rate of exchange prevailing on that date. Exchange differences arising from translation are recognised in the statement of comprehensive income.

Translation of US\$ to KHR

The translation of the US\$ amounts into thousands KHR (“KHR’000”) is presented in the financial statements to comply with the Law on Accounting and Auditing using the closing and average rates for the year then ended, as announced by the General Department of Taxation (“GDT” or “the tax authorities”).

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. BASIS OF PREPARATION (continued)

Translation of US\$ to KHR (continued)

Assets and liabilities included in the statement of financial position are translated at the closing rate prevailing at the end of each reporting date, whereas income and expense items presented in the statement of comprehensive income are translated at the average rate for the year then ended. All resulting exchange differences are recognised in the statement of comprehensive income. Such translation should not be construed as a representation that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

The financial statements are presented in KHR based on the applicable exchange rates per US\$ 1 as follows:

	2020	2019
Closing rate	4,045	4,075
Average rate	4,077	4,052

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied all throughout the year, unless otherwise stated.

New standards adopted as at 1 January 2020

The following accounting pronouncements which have become effective from 1 January 2020 have been adopted by the Company but do not have a significant impact on the financial position or performance.

- Amendments to CIFRS 3, *Definition of a Business*
- Amendments to CIFRS 7, CIFRS 9 and CIAS 39, *Interest Rate Benchmark Reform*
- Amendments to CIAS 1 and CIAS 8, *Definition of Material*
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to CIFRS 16 Covid-19 Related Rent Concessions

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Effective beginning on or after 1 January 2021

- CIFRS 17, *Insurance Contracts*
- Amendments to CIAS 1: Classification of Liabilities as Current or Non-current
- Reference to the Conceptual Framework - Amendments to CIFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to CIAS 16
- Onerous Contracts - Costs of Fulfilling a Contract - Amendments to CIAS 37
- CIFRS 1, *First-time Adoption of International Financial Reporting Standards* - Subsidiary as a first-time adopter

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Effective beginning on or after 1 January 2021 (continued)

- CIFRS 9, *Financial Instruments* - Fees in the '10 percent' test for derecognition of financial liabilities
- CIAS 41, *Agriculture* - Taxation in fair value measurements

Functional currency

The Company maintains its accounting records and presents its financial statements in US\$ to reflect the underlying transactions, events and conditions that are relevant to the Company.

Based on the economic substance of the underlying circumstances relevant to the Company, US\$ is the currency in which the Company substantially both generates and expends cash in the country in which it operates.

Revenue from contracts with customers

The Company is in the business of providing educational service to students or customers, and revenue from contracts with customers is recognised when services are rendered to the students at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Revenue arises mainly from the admission, rendering of educational service and other support activities such as lunch programme, transportation programme, after-school care, and co-curriculum activities ("CCA"). Revenue is recognised either at point in time or over time, when or as the Company satisfies performance obligation by transferring the promised goods or services to the customers.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in *Note 4*.

Educational service

In relation to education the Company provides the students with tuition, classroom, library, related school facilities and related school administrative services, collectively referred as "educational service", which are bundled into one performance obligation. Transaction price of educational service includes tuition related fee, one-time enrolment fee for new student, and capital fee for maintenance and upgrading the school campus facilities.

Revenue from educational service is recognised over time based on value to the student, programme milestones, credits earned, classes completed or professional hour or time elapsed.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (i.e., enrichment programme and siblings discount). In determining the transaction price for the educational service, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Variable consideration

If the consideration in the contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contract for educational service includes a variable consideration in the form of a penalty for late payment at 2% per month on the outstanding fees. The Company applies the expected value method to estimate the variable consideration to be received at the contract inception.

Enrichment programme and siblings discount

The Company provides an option to the customer to use a rebate to offset with payment for enrichment programme and an option to obtain siblings discount on tuition fees for subsequent students. Such options are considered as separate performance obligations as the customer is given a material right to exercise the options. The Company allocates the transaction price between the material right and other performance obligations identified in a contract on a relative stand-alone selling price basis. Revenue from the material right is recognised when the option is redeemed by the customer or when it expires if the family will not use the option.

Admission test and interview

Preparing admission test, interviewing the student and providing the admission results represent a distinct service from the educational service to the customer who can benefit from such service on its own. Revenue is recognised when the admission test and interview is completed.

Admission package

The Company provides admission package relating to study materials, uniform, insurance cover and orientation service. Revenue from admission package relating to study materials, uniform and orientation is recognised when or as the Company transfers control and usage of the goods or services to the customer. Revenue from insurance cover is recognised over the contract period as the time is elapsed.

Other support services

The Company provides other support services such as lunch programme, after-school care, CCA and transportation programme. Revenue from the support services are recognised over time since the student simultaneously receives and consumes the benefits from the service. The Company opted to use the output method in recognizing revenue such as number of meals served, number of days used for after-school care, number of CCA sessions completed, number of service usage for the transportation programme to measure the completion in transferring of services.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional, only the passage of time is required before payment of the consideration is due.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract balances (continued)

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration, or an amount of consideration is due from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the Company performs under the contract.

Cost and expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognised when incurred.

Income taxes

Current income tax

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted during the reporting period.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognised deferred income tax assets are reassessed at the end of each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted during the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management, and with the total cost per unit of \$700 or more. Property and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings and other equipment. The following useful lives are applied:

<i>Asset classes</i>	<i>Useful lives in number of years</i>
Leasehold building and improvements	4
Computers and IT equipment	3
Motor vehicles	5
Furniture and fittings	4
Machinery and office equipment	3

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Gains or losses arising on the disposal of property and other equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in other income or expenses.

Construction in progress is stated at cost. This includes cost of construction of property and equipment and other direct costs. Asset under construction is not depreciated until such time when the relevant assets are completed and ready for operational use.

Right-of-use asset

The Company recognizes right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows.

<i>Asset class</i>	<i>Useful lives in number of years</i>
Building	14.7

Right-of-use asset are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount that can be determined from the sale of an asset in an arms-length transaction less the cost of disposal while the value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Reversal of an impairment loss is recognized up to the extent that the asset's carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income. After such reversal, the depreciation and amortization charges are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Prepayments

Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments are recognized in the statement of comprehensive income when the related expenses are incurred.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortized cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognized in statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company’s financial assets at amortized cost include cash, trade and other receivables and refundable security deposit.

Impairment of financial assets

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

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

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, borrowings, lease and other liabilities.

Subsequent measurement

After initial recognition, borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to borrowings.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Lease liability

At the commencement date of the lease, the Company recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, including in substance fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

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

Employee benefits

Retrospective seniority indemnity

In 2019, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No. 443 dated 21 September 2018 mandated the implementation of payment of seniority indemnity for unspecified duration contracted employees. The said Prakas requires retroactive seniority payment equal to fifteen days per year of employees' wages which shall be paid to them every year for a maximum not exceeding 6 months of the average net wages of each year of service beginning 2020.

On 22 March 2019, the MoLVT issued Clarification No. 042 dated 22 March 2019 which now defers the payment of the retroactive seniority indemnity from June 2020 to December 2021 and reduces the semi-annual payment from seven and half to three days due as follows:

- Equal to three days payable every December, and
- Equal to three days payable every June.

The Company estimated and provided for the retroactive seniority indemnity as mandated by the first Prakas and subsequent clarification thereto which is presented as part of the non-current liability section in the statement of financial position (*Note 17*).

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Seniority pay

In 2018, the Ministry of Labour and Vocational Training's ("MoLVT") Prakas No 443 dated 21 September 2018 mandated the payment of seniority indemnity for unspecified duration contracted employees with implementation guidelines issued on 22 March 2019. The said Prakas requires seniority payment equal to fifteen days per year payable as follows:

- Equal to 7.5 days in June; and
- Equal to 7.5 days in December.

As at 31 December 2020, the Company has outstanding liability on seniority payment amounting to US\$ 118,009 or KHR'000 477,346 (2019: nil) *Note 17*.

For fixed duration contract, the Company provides employees with severance pay equivalent to 5% of the salary paid during the length of the contract. As at 31 December 2020, the Company has outstanding liability on severance payment amounting to US\$ 61,566 or KHR'000 249,034 (2019: US\$60,631 or KHR'000 247,071) *Note 17*.

Borrowing costs

Borrowing costs are capitalized as part of the cost of an asset if they are directly attributable to the acquisition, construction or production of a qualifying asset, an asset that necessarily takes a substantial period to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use or sale are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until substantially all the activities necessary to prepare the qualifying asset for its intended use. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All other borrowing costs are expensed as incurred.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the statement of comprehensive income.

Share capital

Share capital is measured at par value for all shares issued. Incremental costs directly attributable to the issue of shares are recognized as a deduction from proceeds.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in compliance with CIFRSs requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and the effect of any change in estimates will be reflected in the financial statements when they become reasonably determinable.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations*

The Company identifies performance obligations by considering whether the promised services in the contract are distinct. A service is distinct when the customer can benefit from the service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the service to the customer is separately identifiable from the other promises in the contract.

The Company assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if (i) each distinct good or service in the series are transferred over time and (ii) the same method of progress will be used (i.e. input or output method) to measure the entity's progress towards complete satisfaction of the performance obligation.

- *Determining the timing of satisfaction of separate performance obligation*

Based on the nature of educational service, the student receives and consumes the benefit of educational service throughout the academic year. The Company recognizes revenue when it satisfies an identified performance obligation by transferring the promised service to the customer. A service is considered to be transferred when the customer obtains control. The Company determines, at contract inception, whether it will transfer control of a promised service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Company concluded that revenue from educational service is to be recognized over time since students simultaneously receives and consumes the benefits as the Company renders the related educational service.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

- *Identifying methods for measuring progress of revenue recognized over time*

The Company determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation such as professor's teaching hours rendered or time elapsed. Output method recognizes revenue on the basis of direct measurement of the value to the student of the service transferred to date, program milestones, credits earned, or classes completed.

The Company determined that the output method is more appropriate in measuring progress for educational and other support services.

Determination of functional currency

Based on the economic substance of underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the US\$. The US\$ is the currency of the primary economic environment in which the Company operates, and it is the currency that mainly influences the rendering of services and the cost of providing the services.

Classification of financial instruments

The Company exercises judgement in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Taxes are calculated on the basis of the tax laws, regulations and its current interpretation. However, these regulations are subject to periodic variation and the ultimate determination of tax expense will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded by the Company, such differences will have an impact on the provision for income tax and deferred tax in the period in which such final determination is made by the tax authorities.

Determination of fair value of financial instruments

The Company carries certain financial assets and liabilities at fair value, which requires use of accounting estimates and judgement. While significant components of fair value measurements were determined using verifiable objective evidence (i.e. foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect net income and equity.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Estimation of the useful lives of property and equipment

The useful lives of property and equipment are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets. Any reduction in the residual value and estimated useful lives of property and equipment would increase the Company's recorded operating expenses and decrease the related assets.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available, or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating.

Impairment of non-financial assets

The Company assesses at each reporting date whether there are any indicators of impairment for all non-financial assets (property and equipment, right-of-use asset and other non-current assets). These non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. This requires an estimation of an asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction while value-in-use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets, if it is not possible, for the cash-generating unit to which the asset belongs.

Recognition of deferred income tax assets

The Company reviews the carrying amounts of deferred income tax assets at the end of each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

5. REVENUE FROM CONTRACT WITH CUSTOMERS (continued)

5.3 *Performance obligations* (continued)

Admission test and interview

The performance obligation is satisfied when admission test and interview is completed, and the payment is due upon submission of application.

Other support services

The performance obligation is satisfied over-time and payment is due upon registration for these auxiliary services.

Transaction price allocated to the remaining performance obligations

As at 31 December 2020, the Company has unearned revenue amounting to US\$ 1,733,226 or KHR'000 7,010,899 (Note 20), which is expected to be recognized as revenue in 2021.

6. COST OF SERVICES

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Personnel and related costs	2,790,114	11,375,295	2,282,591	9,249,059
Course materials	56,893	231,953	221,351	896,914
Student care services	34,311	139,886	152,632	618,465
Lab consumable	15,025	61,257	4,881	19,778
Others	36,349	148,194	194,146	786,679
	2,932,692	11,956,585	2,855,601	11,570,895

7. OTHER INCOME

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Other income	113,489	462,694	217,966	883,198
Other loss	(12,954)	(52,813)	(20,236)	(81,996)
	100,535	409,881	197,730	801,202

8. MARKETING AND ADVERTISING EXPENSES

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Advertisement	63,697	259,692	121,643	492,897
Events	38,341	156,316	284,378	1,152,300
Others	4,182	17,051	-	-
	106,220	433,059	406,021	1,645,197

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Personnel and related costs	2,266,081	9,238,812	3,161,268	12,809,458
Depreciation (Notes 11 and 12)	2,525,978	10,298,412	2,288,235	9,271,928
Management fees (Note 24)	689,902	2,812,730	709,319	2,874,161
Repairs and maintenance	213,467	870,305	127,856	518,073
Utilities	139,783	569,895	118,264	479,206
Professional fees	79,325	323,408	227,753	922,855
Insurance	73,984	301,633	94,615	383,380
Office expenses	70,326	286,719	371,688	1,506,080
Other taxes	55,462	226,119	66,698	270,260
Travelling	49,776	202,937	505,779	2,049,417
Telecommunication	21,769	88,752	24,420	98,950
Materials	18,051	73,594	71,230	288,624
Accommodations	8,600	35,062	451,456	1,829,300
Membership and subscription	7,638	31,140	29,379	119,044
Rental under short-term leases (Note 18)	5,556	22,652	66,499	269,454
Write-off of trade receivables	4,925	20,079	22,814	92,442
Refreshment	3,616	14,742	160,022	648,409
Entertainment	262	1,069	20,549	83,265
Impairment of property and equipment (Reversal) provision for expected credit loss	(7,798)	(31,792)	7,798	31,598
Others	144,351	588,519	134,349	544,379
	6,371,054	25,974,787	8,922,716	36,154,845

10. INCOME TAX EXPENSE

In accordance with Cambodian law on taxation, the Company has the obligation to pay Tax on Income ("Tol") at the rate of 20% of taxable income. The corporate income tax expense recorded is an estimate amount of the Company's income tax liabilities for the year.

Besides the Tol, taxpayers in Cambodia are subject to a minimum tax. The minimum tax is an annual tax liability equal to 1% of annual turnover inclusive of all taxes except value added tax, and is due irrespective of the taxpayer's profit or loss position. According to the Prakas no. 904 MEF.PK on the tax incentive for educational sector dated 8 August 2016 the Company is eligible for exempt from minimum tax until end of 31 December 2020.

The Company's tax returns are subject to periodic examination by the GDT. As the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could change at a later date upon final assessment by the GDT.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

10. INCOME TAX EXPENSE

10.1 Reconciliation between income tax expense and accounting loss

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Loss before income tax	(8,259,315)	(33,673,227)	(11,126,743)	(45,085,562)
Income tax at applicable tax rate of 20%	(1,651,863)	(6,734,645)	(2,225,349)	(9,017,114)
Non-deductible expenses	16,892	68,868	25,396	102,905
Effect of unrecognized temporary differences	635,917	2,592,634	714,679	2,895,879
Effect of unrecognized tax loss	999,054	4,073,143	1,485,274	6,018,330
Income tax expense	-	-	-	-

10.2 Unrecognized deferred income tax asset

Net deferred income tax asset arising from the following temporary differences has not been recognized due to uncertainty about future taxable profits.

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
<i>Deferred income tax assets</i>				
Tax loss	4,608,533	18,788,989	3,609,479	14,708,623
Contract liabilities	346,645	1,413,272	363,240	1,480,205
Interest expense carried forward	654,733	2,669,346	372,650	1,518,551
CIFRS 16 adjustments	680,395	2,773,970	411,725	1,677,781
Accruals	89,516	364,957	-	-
Impairment on property and equipment	-	-	52,545	214,121
Allowance for expected credit loss	-	-	1,560	6,355
<i>Deferred income tax liability</i>				
Accelerated depreciation for tax purpose	(200,662)	(818,099)	(268,570)	(1,094,422)
Allowance for expected credit loss	(1,560)	(6,360)	-	-
Net unrecognized deferred tax asset	6,177,600	25,186,075	4,542,629	18,511,214

10.3 Tax loss carried forward

Tax losses can be carried forward to offset against the taxable profits of subsequent years for up to five (5) years from the year in which they were incurred. The use of tax loss is subject to the following conditions:

- The business activity of the Company must not have changed; and
- The taxpayer is not subject to unilateral tax assessment conducted by the GDT.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

10. INCOME TAX EXPENSE (continued)

10.3 Tax loss carried forward (continued)

As at 31 December 2020, the details of the unused tax losses of the Company are as follows:

<i>Originating year</i>	<i>Can be utilized up to</i>	<i>Tax loss amount*</i> <i>US\$</i>	<i>Utilized</i> <i>US\$</i>	<i>Forfeited</i> <i>US\$</i>	<i>Unutilized</i> <i>US\$</i>
2017	2022	3,635,681	-	-	3,635,681
2018	2023	6,985,342	-	-	6,985,342
2019	2024	7,426,367	-	-	7,426,367
2020	2025	4,995,275	-	-	4,995,275
		23,042,665	-	-	23,042,665
KHR'000 (<i>Note 2</i>)		89,683,277	93,207,579	-	89,752,058

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

11. PROPERTY AND EQUIPMENT, NET

	31 December 2020					
	<i>Leasehold building and improvements US\$</i>	<i>Computers and IT equipment US\$</i>	<i>Motor vehicles US\$</i>	<i>Furniture and fittings US\$</i>	<i>Construction in progress US\$</i>	<i>Total US\$</i>
Cost						
As at 1 January 2020	2,563,409	627,592	376,822	2,403,462	552,482	6,523,767
Additions	-	-	-	2,387	223,334	225,721
Write-off	-	(7,254)	-	(14,202)	-	(21,456)
Reclassification	-	17,086	-	758,730	(775,816)	-
As at 31 December 2020	2,563,409	637,424	376,822	3,150,377	-	6,728,032
Accumulated depreciation						
As at 1 January 2020	760,676	285,404	147,057	708,393	-	1,901,529
Depreciation	589,783	204,037	75,364	694,125	-	1,563,309
Write-off	-	(3,018)	-	(5,484)	-	(8,502)
As at 31 December 2020	1,350,459	486,423	222,421	1,397,034	-	3,456,336
Net carrying amount						
As at 31 December 2020	1,212,950	151,001	154,401	1,753,343	-	3,271,696
KHR'000 (Note 2)	4,906,383	610,799	624,552	7,092,272	-	13,234,010

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

11. PROPERTY AND EQUIPMENT, NET (continued)

	31 December 2019					
	<i>Leasehold building and improvements US\$</i>	<i>Computers and IT equipment US\$</i>	<i>Motor vehicles US\$</i>	<i>Furniture and fittings US\$</i>	<i>Construction in progress US\$</i>	<i>Total US\$</i>
Cost						
As at 1 January 2019	1,742,420	144,768	376,822	1,673,575	824,956	4,762,541
Additions	38,917	20,938	-	91,899	1,642,095	1,793,849
Write-off	-	(28,798)	-	(1,803)	(2,021)	(32,622)
Reclassification	782,071	490,684	-	639,792	(1,912,547)	-
As at 31 December 2019	<u>2,563,408</u>	<u>627,592</u>	<u>376,822</u>	<u>2,403,463</u>	<u>552,483</u>	<u>6,523,768</u>
Accumulated depreciation						
As at 1 January 2019	47,677	28,998	71,693	175,235	-	323,603
Impairment	204,279	-	-	58,446	-	262,725
Write-off	-	(9,146)	-	(1,219)	-	(10,365)
Charge during the year	508,720	265,552	75,364	475,930	-	1,325,566
As at 31 December 2019	<u>760,676</u>	<u>285,404</u>	<u>147,057</u>	<u>708,392</u>	<u>-</u>	<u>1,901,529</u>
Net carrying amount						
As at 31 December 2019	<u>1,802,732</u>	<u>342,188</u>	<u>229,765</u>	<u>1,695,071</u>	<u>552,483</u>	<u>4,622,239</u>
KHR'000 (Note 2)	<u>7,346,133</u>	<u>1,394,416</u>	<u>936,292</u>	<u>6,907,415</u>	<u>2,251,368</u>	<u>18,835,624</u>

The additions for the year ended 31 December 2019 include borrowing costs related to construction of qualifying assets amounting to US\$24,264 and is apportioned between building improvements amounting to US\$14,389 and in fittings amounting to US\$ 9,875.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

12. RIGHT-OF-USE ASSET

	2020	2019
	US\$	US\$
Cost		
As at 1 January	14,048,174	14,048,174
Additions	-	-
As at 31 December	14,048,174	14,048,174
Accumulated depreciation		
As at 1 January	962,669	
Depreciation	962,669	962,669
As at 31 December	1,925,338	962,669
Net carrying amount	12,122,836	13,085,505
KHR'000 (Note 2)	49,036,871	53,323,433

13. OTHER NON-CURRENT ASSET

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
As at 1 January	487,626	1,987,076	459,298	1,845,459
Accretion	30,076	122,620	28,328	114,785
Exchange difference on translation	-	(15,591)	-	26,832
As at 31 December	517,702	2,094,105	487,626	1,987,076

On 12 July 2017, the Company entered into an agreement with Graticity Real Estate Development Co. Ltd., for the lease of building for 14 years 11 months and 29 days which included a security deposit amounting to US\$1,000,000 to secure its full and faithful performance, which will be refunded to the Company upon termination or earlier expiration of the lease. The security deposit shall be paid US\$100,000 upon signing the Memorandum of Understanding, US\$400,000 upon execution of the lease agreement and US\$500,000 on or before the handover date in August 2019.

At the initial recognition, fair value of the security deposit was computed based on interest rate at 6%. The difference between the nominal amount and the fair value is capitalized as 'Right-of-use asset'.

14. TRADE AND OTHER RECEIVABLES, NET

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Trade receivables (Note 14.1)	197,991	800,874	232,258	946,451
Prepayments	193,675	783,415	238,355	971,297
Amount due from a related party	44,414	179,655	58,583	238,726
Deposits	7,690	31,106	108,300	441,323
Others	2,385	9,647	10,152	41,369
	446,155	1,804,697	647,648	2,639,166

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

14. TRADE AND OTHER RECEIVABLES, NET (continued)

14.1 Trade receivables

	<u>2020</u>	<u>2019</u>
	US\$	US\$
Course fees, gross	197,991	240,056
Allowance for expected credit loss	-	(7,798)
Course fees, net	<u>197,991</u>	<u>232,258</u>
KHR'000 (Note 2)	<u>800,874</u>	<u>946,451</u>

Movements of allowance for expected credit loss are as follows:

	<u>2020</u>	<u>2019</u>
	US\$	US\$
As at 1 January	7,798	-
(Reversal) provision during the year	(7,798)	7,798
As at 31 December	<u>-</u>	<u>7,798</u>
KHR'000 (Note 2)	<u>-</u>	<u>31,597</u>

During the year, the Company has written-off receivables amounting to US\$ 4,925 or KHR'000 20,079 (2019: 22,814 or KHR'000 92,967).

15. CASH

	<u>2020</u>		<u>2019</u>	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Cash in bank	1,858,677	7,518,348	245,573	1,000,711
Cash on hand	3,000	12,135	1,745	7,110
	<u>1,861,677</u>	<u>7,530,483</u>	<u>247,318</u>	<u>1,007,821</u>

16. SHARE CAPITAL

	<u>2020</u>		<u>2019</u>	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
25,000 shares of US\$ 1 each registered, issued to and paid by shareholder	<u>25,000</u>	<u>100,000</u>	<u>25,000</u>	<u>100,000</u>

The ordinary shares constitute the only class of shares in the Company. All shares have the same rights with regards to voting, dividends, return of share capital or otherwise.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

17. EMPLOYEE BENEFITS

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Seniority pay	118,009	477,346	-	-
Severance pay	61,566	249,034	60,631	247,071
Retrospective seniority indemnity	44,808	181,248	-	-
	224,383	907,629	60,631	247,071

According to the announcement of the Royal Government of Cambodia on 23 December 2020, the payment of retrospective seniority indemnity and seniority payments for 2020 and 2021 has been deferred until 2022.

18. LEASES

The Company has a lease contract for building used in its operations. The Company also has certain leases of condominium units with lease terms less than 12 months. The Company applies the 'short-term lease' recognition exemptions for these leases. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios.

The following are the amounts recognized in statement of comprehensive income:

	2020	2019
	US\$	US\$
	962,673	
Depreciation of right-of-use asset		962,669
Interest expense on lease liability	905,471	874,755
Expenses related to short-term leases	5,556	66,499
As at 31 December	1,873,700	1,903,923
KHR'000 (Note 2)	7,639,075	7,714,700

The rollforward analysis of lease liability follows:

	2020	2019
	US\$	US\$
As at 1 January	14,633,203	-
Additions	-	14,013,738
Interest expense	905,471	874,755
Payments	(482,214)	(255,290)
As at 31 December	15,056,460	14,633,203
KHR'000 (Note 2)	60,903,381	59,630,302

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

20. CONTRACT LIABILITIES (continued)

Current

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Advances for educational and other support services	1,190,743	4,816,555	1,789,292	7,291,363
Deferred sponsorship	41,154	166,468	-	-
Facility rental	549	2,221	-	-
Enrichment and siblings discount	-	-	26,910	109,660
	1,232,446	4,985,244	1,816,202	7,401,023

Non-current

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Deferred sponsorship	428,684	1,734,027	-	-
Facility rental	72,096	291,628	-	-
	500,780	2,025,655	-	-

21. BORROWINGS

As of 31 December 2020, the Company obtained a loan from SIM International Pte Ltd. amounting to US\$6.0 million or KHR'000 24,270,000 in addition to the existing loan outstanding balance of US\$20.5 million or KHR'000 83,878,500, which is payable on demand and at an interest rate of 6%. This loan facility is used for the day-to-day operations of the Company.

During the year, interest expense from borrowings amounted to US\$ 1,410,411 or KHR'000 5,705,112 (2019: US\$ 1,108,585 or KHR'000 4,519,701).

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern while maximizing its return to the shareholders. The overall strategy of the Company remains unchanged from that of the previous financial year.

Capital management process

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

23. GOING CONCERN

The Company's financial statements have been prepared on the assumption that the Company will continue as a going concern. As presented in the financial statements as at 31 December 2020, the Company had net current liability of US\$32,188,856 or KHR'000 130,203,922 (2019: US\$26,615,424 or KHR'000 108,457,855), accumulated losses of US\$31,402,472 or KHR'000 127,368,879 (2019: US\$23,143,157 or KHR'000 93,695,652) and net capital deficiency of US\$31,377,472 or KHR'000 126,921,874 (2019: US\$23,118,157 or KHR'000 94,206,491). These factors raise substantial doubts about the Company's ability to continue as a going concern. The shareholder, however, committed to provide financial support that will allow the Company to meet liabilities as and when they fall due, and to continue operations in the following years.

As such, management strongly believes on the continuing appropriateness of the use of going concern assumption. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern. The assumption is premised on future events, the outcome of which is inherently uncertain.

24. RELATED PARTY DISCLOSURES

Transactions with related parties during the year were as follows:

Related party	Relationship	Nature	2020	
			US\$	KHR'000 (Note 2)
Singapore Institute of Management International Pte Ltd.	Parent	Borrowings (Note 21)	6,000,000	24,462,000
		Interest expense (Note 21)	1,410,411	5,750,246
		Management fees (Note 9)	689,902	2,812,730
Related party	Relationship	Nature	2019	
			US\$	KHR'000 (Note 2)
Singapore Institute of Management International Pte Ltd.	Parent	Borrowings (Note 21)	2,000,000	8,150,000
		Interest expense (Notes 11 and 21)	1,132,849	4,616,360
		Management fees (Note 9)	709,319	2,874,161

Outstanding balances with related parties as at balance sheet date were as follows:

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Amounts due to a related party				
Singapore Institute of Management International Pte Ltd.	31,968,640	129,313,149	23,994,169	97,776,239
Amounts due from a related party				
Singapore Institute of Management Pte Ltd.	44,414	179,655	58,583	235,386

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

24. RELATED PARTY DISCLOSURES (continued)

Services provided by a related party

Management services rendered by SIM International Pte Ltd., a related party, form part of the general and administrative expenses of the Company such as manpower resource, group corporate services, management advisory and governance, academic related advisory and support, quality assurance, governance and support, business development advisory and support and use of intellectual properties. The terms of these transactions are agreed by both parties.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Company is to optimise the value creation for its shareholders while minimising the potential adverse impact arising from volatility of the financial markets.

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

	2020		2019	
	US\$	KHR'000 (Note 2)	US\$	KHR'000 (Note 2)
Financial assets				
Security deposit	517,702	2,094,105	487,626	1,987,076
Trade and other receivables, net*	242,405	980,528	298,639	1,216,954
Cash	1,861,677	7,530,483	247,318	1,007,821
Financial assets measured at amortized cost	2,621,784	10,605,116	1,033,583	4,211,851
Financial liabilities				
Lease liability	15,056,460	60,903,381	14,633,203	59,630,302
Trade and other payables**	6,050,707	24,475,110	6,989,024	28,480,273
Borrowings	26,500,000	107,192,500	20,500,000	83,537,500
Financial liabilities measured at amortized cost	47,607,167	192,570,991	42,122,227	171,648,075

*Excludes prepayments and other advances

**Excludes payables to tax authorities

The Company is exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuations in foreign exchange rates (currency risk) and interest rates (interest rate risk) whether such change is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

25. RELATED PARTY DISCLOSURES (continued)

Foreign currency risk

Foreign currency risk is the risk of incurring losses resulting from an adverse change in foreign currency rates. The Company has few transactional currency exposures which arise from purchases in currencies other than in US\$, and assets and liabilities denominated in foreign currencies. These were not significant and hence, the Company is not exposed to a significant foreign currency risk.

The exposure of the Company to interest rate risk arises primarily from borrowings from affiliate company. The Company manages its interest rate exposure closely by monitoring the debt market. The Company does not use derivatives to hedge any debt obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

The Company's policy is to deal only with creditworthy counterparties. Cash in bank is placed with a reputable bank with good standing and it is believed that the possibility of non-performance by this bank is remote on the basis of its financial strength.

The maximum exposure to credit risk is represented by the carrying amount of refundable security deposit with a counterparty and trade and other receivables carried in the statement of financial position and the related notes.

Liquidity risk

Liquidity risk arises from the possibility that the Company will encounter difficulties in raising funds to meet obligations when due.

The Company's policy is to regularly monitor current and expected amount of liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its operating, investing and financing activities.

As at balance sheet date, the Company considers that the exposure to liquidity risk is insignificant as amount is owed to its intermediate holding company.

Maturity analysis of financial instruments

The tables below summarize the maturity profile of the Company's financial instruments at 31 December 2020 and 2019 based on undiscounted contractual payments:

Financial assets

The analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date, or the expected date the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Company can be required to pay.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Maturity analysis of financial instruments

Liquidity analysis based on undiscounted cash flows is as follows:

	2020			Total US\$
	Within 1 year US\$	Between 1 and 5 years US\$	Over 5 years US\$	
Financial asset				
Cash	1,861,677	-	-	1,861,677
Security deposit	-	-	1,000,000	1,000,000
Trade and other receivables, net*	242,405	-	-	242,405
Total financial assets	2,104,082	-	1,000,000	3,104,082
Financial liabilities				
Lease liability	680,773	6,297,147	15,700,320	22,678,240
Trade and other payables**	6,050,707	-	-	6,050,707
Borrowings***	28,090,000	-	-	28,090,000
Total financial liabilities	34,821,480	6,297,147	15,700,320	56,818,947
Liquidity gap	(32,717,398)	(6,297,147)	(14,700,320)	(53,714,865)
In KHR'000 (Note 2)	(132,341,874)	(25,471,960)	(59,462,793)	(217,276,627)

*excludes prepayments and other advances

**excludes other tax payables

***includes future interest

	2019			Total US\$
	Within 1 year US\$	Between 1 and 5 years US\$	Over 5 years US\$	
Financial asset				
Cash	247,318	-	-	247,318
Security deposit	-	-	1,000,000	1,000,000
Trade and other receivables, net*	298,639	-	-	298,639
Total financial assets	545,957	-	1,000,000	1,545,957
Financial liabilities				
Lease liability	482,214	5,219,257	17,458,982	23,160,453
Trade and other payables**	6,989,025	-	-	6,989,025
Borrowings***	21,730,000	-	-	21,730,000
Total financial liabilities	29,201,239	5,219,257	17,458,982	51,879,478
Liquidity gap	(28,655,282)	(5,219,257)	(16,458,982)	(50,333,521)
In KHR'000 (Note 2)	(116,770,274)	(21,268,472)	(67,070,352)	(205,109,098)

*excludes prepayments and other advances

**excludes other tax payables

***includes future interest

Singapore (Cambodia) International Academy Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value of financial instruments

Management has determined that the aggregate fair values of cash in bank, trade and other receivables, borrowings and trade and other payables based on their notional amounts, reasonably approximate their fair values because of their short-term maturities.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

27. TAXATION CONTINGENCY

The taxation system in Cambodia is characterized by numerous taxes and constantly evolving legislation as the country develops. As a result, there will be differences on the interpretation of the Cambodian tax legislation by each taxpayer.

While the Company believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, the various tax reviews and investigations on the Company are being carried out by officers from multiple authorities. These officers are enabled by law to impose severe fines, penalties and interest charges on the Company based on their interpretation of the tax legislation. This gives rise to inherent risk that the assessing officer's views may differ from that of the Company which may result in significant tax provision differences.

28. EVENTS AFTER REPORTING PERIOD

The Covid-19 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Ministry of Education, Youth and Sports has issued some guideline and instructions to temporary closure of all schools to minimize the outbreak. During this period, the Company has implemented home-based learning leveraging on technology to minimize disruption to the students' learning experience. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respects of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved, using the best information obtained up to the date of this report.

Other than those which are disclosed in the financial statements, there have been no significant events occurring after the reporting period which would require adjustments or disclosures to be made in the financial statements.